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Advisors React to Times Report on Trump's Tax Returns

One CPA said his biggest concern was that clients would ask: "How can I pay no taxes like Trump?"

By Melanie Waddell | September 28, 2020



President Trump at the rollout of the reopening plan. (Photo: Chris Kleponis/Polaris/Bloomberg)

Advisors, tax pros and political strategists were quick to weigh in Monday with their thoughts on the report by The New York Times (<https://www.nytimes.com/interactive/2020/09/27/us/donald-trump-taxes.html?action=click&module=Spotlight&pgtype=Homepage>) that President Donald Trump paid just \$750 in U.S. income taxes in both 2016 and 2017.

The news, which the Times reported Sunday, comes just two days before the first presidential debate Tuesday evening.

"He had paid no income taxes at all in 10 of the previous 15 years — largely because he reported losing much more money than he made," the Times reported.

Trump also has "hundreds of millions of dollars in debt coming due that he has personally guaranteed," according to the paper, along with a "decade-long audit battle with the Internal Revenue Service over the legitimacy of a \$72.9 million tax refund that he claimed, and received, after declaring huge losses. An adverse

George W. Bush: \$250,221

Barack Obama: \$1,792,414

Donald Trump: \$750

CPA Albert Campo tweeted (<https://twitter.com/ajthecpa1226>) that while the Times article about Trump's tax returns does raise questions and concerns, "the biggest concern we as tax preparers should have now are the incoming emails from clients asking: 'How can I pay no taxes like Trump?'"

What Advisors Think

Financial planners queried by ThinkAdvisor revealed a smattering of opinions but a general consensus that the news would not impact Trump's reelection chances.

Jon Ulin, managing principal of Ulin Wealth Management & Co., in Boca Raton, Florida, said the news of "The Don" paying minimal income taxes may do little to hurt his chances of getting re-elected, unless there was any wrong-doing in their preparation...

"While both candidates may have more than a few skeletons in their closets, bigger issues such as the pandemic and economy, along with future policies around taxes, social benefits, healthcare, trade and security of our country may be of greater importance to voters."

As for the Tuesday debate, "if candidates Trump and Biden can clearly communicate their policies that will affect us all for the next four years, and not jib-jabber over personal issues at the debates, perhaps voters will have a better understanding of what they are voting for."

Kashif Ahmed, president of American Private Wealth in Bedford, Massachusetts, opined that "if there is genuine tax avoidance that is within the law, then he will claim like he did in the past, that he is smart to take advantage of all the 'loopholes.' But for a self-claimed billionaire to pay what I spent at Costco this weekend alone, should raise some eyebrows."

Ahmed says he doubts any of Trump's "most loyal supporters will care" about the report's finding. "They will simply say 'look how smart he is.' And I doubt there are people left on the fence in this country. And plenty of people will see this [report] cynically, being that it came out so close to the election."

Nadine Marie Burns, president and CEO of A New Path Financial in Ann Arbor, Michigan, weighed in that "Trump and his firms own many properties and have the ability to take depreciation and business losses. The goal of most accountants is not to have their clients pay any more than required. Mr. Trump and his business do most likely pay vast amounts of property taxes on their establishments, as well as employment taxes for their employees.

"Just looking at federal tax rates does not give you a full picture. Does he pay insurance costs for these employees as well? What is his entire contribution to overall society? Does he pay a hair dresser for doing his TV hair — that person has a job now as well."

(Trump wrote off \$70,000 in hairstyling expenses, according to the Times.)

Burns added: "More information is needed to make an assessment."

Robert Braglia of The Intelligent Decision in New York stated that he "still can't figure out if they want to demonstrate that he [Trump] is richer than he says or poorer. I'm more interested in how someone on a Congressional salary – 174k – for 43 years and a VP salary – 400k for four years and unemployed for four years manages to have THREE HOMES."

On the impact of the Times' report, "we'll know more in the coming weeks if this one sticks," said Shaun Melby of Melby Wealth in Nashville. "For the most part, I see this article reinforcing existing beliefs people have of President Trump. His supporters will love the idea he was able to not pay much in taxes while that exact same thought will madden his critics. There will be a handful of people this may sway, but I just don't see it moving the needle."

Melby added: "For most people, the nuances of the U.S. tax code are too complicated for the everyday taxpayer to wrap their head around when they are at the intricate level President Trump's tax returns are. The most concerning aspect of the article to me was that Trump's finances appear to be in a precarious position in the coming years."

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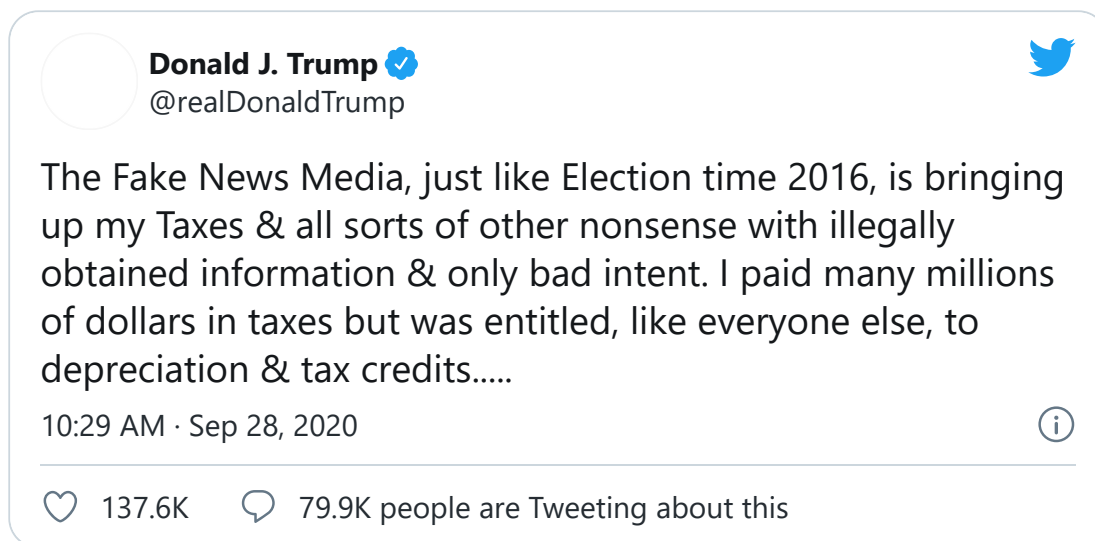
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ruling could cost him more than \$100 million.”

The Times' report does not include Trump's personal returns for 2018 or 2019. More articles by The Times, however, are coming.

Trump tweeted (<https://twitter.com/realDonaldTrump/status/1310587468731879431>) Monday morning: “... I paid many millions of dollars in taxes but was entitled, like everyone else, to depreciation & tax credits.....”



‘No Real Surprises’

The report on Trump's taxes “didn't disclose much that wasn't known or suspected — he pays virtually no taxes, his companies hemorrhage money, he gets huge write-offs for employing family members as ‘consultants,’ etc. No real surprises there,” Greg Valliere, chief U.S. policy strategist for AGF Investments, said in his Monday morning email briefing.

Trump “naturally called the mammoth Times report ‘fake news’ designed to influence the election,” Valliere stated, “and that will be enough for his fanatic base.”

Twitter was abuzz with thoughts on the news.

Jeff Levine, a certified financial planner, CPA and director of advanced planning at Buckingham Wealth Partners, tweeted Monday (<https://twitter.com/CPAPlanner/status/1310343754587484161>): “Incredible story. A few quick thoughts...

- Was inevitable the returns would leak, but I'm truly amazed it took this long.
- Not paying taxes in 10 of 15 years is not at all surprising
- I doubt anything revealed tonight will change anyone's vote in Nov.”

Another tweet by a Washington Post reporter (https://twitter.com/_cingraham/status/1310388522025734148) compared Trump's federal tax bill his first year in office to those paid by other presidents:

Ronald Reagan: \$165,202

George H.W. Bush: \$101,382

Bill Clinton: \$62,670