

Trump says he reported \$1.17 billion in losses over 10 years to evade paying taxes

By E.P. Milligan
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A *New York Times* exposé published last Wednesday featured an analysis of the tax returns of President Donald Trump between 1985 and 1994. Over this 10-year period, Trump reported \$1.17 billion in losses, a sufficiently high amount to legally exempt Trump from paying income taxes for eight of those 10 years.

The *Times* reporters were able to piece together the data from information in Trump's tax returns that was provided by a source, who, according to the newspaper, had legal access to the information. They then found matching results in an Internal Revenue Service (IRS) public database providing information on top earners. Last week's article follows a *Times* exposé published last October that focused on the tax-dodging machinations of the Trump business under Donald Trump's father, Fred C. Trump.

Donald Trump had blamed the 1990 recession for a series of reversals and bankruptcies that hit his business empire in the early 90's. However, it now is evident that he had incurred significant losses well beforehand.

In 1985, Trump reported \$46.1 million in losses. These mainly stemmed from his casinos, hotels and retail business. Every subsequent year, he lost more money than almost every other individual taxpayer in the US. His losses in 1990 and 1991, over \$250 million each year, were more than double the losses of the nearest taxpayers in the top earner category.

The report provides insight into Trump's main sources of income over this period. There were large winnings on the stock market, a \$67.1 million salary earned one year, and \$52.9 million in windfall profits. Each year, however, his losses vastly outweighed his earnings—meaning that most of his income was not taxed at all.

Trump's earnings on the stock market underscore the corrupt and unstable character of the financial

parasitism that developed during the 1980s, culminating in the 2008 financial meltdown and continuing unabated today. Between 1986 and 1988, while his core businesses remained deep in the red, Trump made millions by making a pretense of planning the takeover of companies. By the end of 1988, however, his gains plummeted as most investors realized it was idle talk.

Trump slammed the *Times* story last week in a series of tweets, which included the following astonishing admission: "Real estate developers in the 1980s & 1990s, more than 30 years ago, were entitled to massive write-offs and depreciation which would, if one was actively building, show losses and tax losses in almost all cases. Much was non-monetary. Sometimes considered 'tax shelter,' you would get it by building, or even buying. You always wanted to show losses for tax purposes... almost all real estate developers did—and often re-negotiate with banks, it was sport. Additionally, the very old information put out is a highly inaccurate Fake News hit job!"

The *Times* story can be interpreted in one of two ways. It may very well expose the fraud of Trump's supposed genius for business, of which he routinely boasted throughout his 2016 presidential campaign. Or, if Trump is telling the truth, it provides data on the vast scale of tax fraud and evasion carried out by the current occupant of the White House.

An unnamed senior official in a statement issued to the *Times* wrote: "The president got massive depreciation and tax shelter because of large-scale construction and subsidized developments. That is why the president has always scoffed at the tax system and said you need to change the tax laws. You can make a large income and not have to pay a large amount of taxes."

While the recently released information provides some insight into Trump's sordid dealings in the business underworld, little is known about his activities after 1994. It is entirely possible that he has dodged taxes for many more than just eight years. He has repeatedly refused to release his tax returns, a departure from the past 40 years of presidential tradition and an expression of Trump's contempt for democratic norms. Following Trump's order that administration officials ignore a string of subpoenas issued by the House Democrats, Treasury Secretary Steven Mnuchin rebuffed a summons from the House Ways and Means Committee for six years of Trump's tax returns.

Just prior to assuming office, Trump made clear that he would not sever ties with his vast business empire as president. The Emoluments Clause (Article I, Section 9, Clause 8) of the US Constitution bars any person holding office in the US government from receiving any sort of present, salary, fee or profit from a foreign state.

Trump has business interests in real estate, management and branding in no less than 18 foreign countries, spanning virtually the entire globe. They are: Canada, Brazil, Uruguay, Panama, Bermuda, French Antilles, Scotland, Ireland, Turkey, Azerbaijan, Saudi Arabia, the United Arab Emirates, Qatar, Israel, South Africa, Indonesia, India and China. Over the course of his 16-month election campaign, he registered eight new companies based in Saudi Arabia.

The Donald J. Trump Foundation also admitted in IRS filings that it broke federal rules against "self-dealing," a provision intended to prevent charitable organizations from using funds to help their leaders' families or business interests. Trump was fond of using the foundation's funds to settle his legal disputes. He appears to have spent some \$260,000 in foundation funds on legal battles. The foundation reportedly also bought high-priced luxury items only to gift them to Trump.

If true, this would represent yet another component of the long history of tax evasion and fraud upon which Trump's business empire was built. The exposé published last October by the *Times* presented a factual case that Trump and his siblings benefited from tax fraud to the tune of at least half a billion dollars. It found that Fred and Mary Trump transferred well over \$1 billion in wealth to their children, paying a total of

\$52.2 million in federal taxes, an effective rate of about 5 percent. The actual estate and gift tax rate at the time was 55 percent, meaning the Trumps paid less than 10 percent of the \$550 million they owed to the government.

Even within the context of tax laws that are riddled with loopholes, some, if not all, of the tax dodges used by the Trumps to evade hundreds of millions of dollars (or more) in tax payments were very likely illegal. The picture of criminality and corruption that emerges from the *Times* reports is one that characterizes not just the Trump clan, but the corporate-financial oligarchy as a whole.

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