



## **BLOCKBUSTER REPORT ON BILLIONAIRE TAX DODGERS HIGHLIGHTS NEED FOR BIDEN REFORMS**

*Bezos, Bloomberg, Buffett, Musk Went Years Paying \$0 Income Taxes—Biden’s Plan  
Would Close Some Loopholes But Many Others Would Remain & Need Closing*

(WASHINGTON) – Today, ProPublica released a [blockbuster report](#) showing that billionaires go years without paying any federal income taxes, and when they do pay, the bill is a smaller fraction of their income than that of middle-income homeowners. This report is further evidence to an already towering pile of the need for President Biden’s tax reforms and others beyond them.

The story revealed that the richest people in America — including Amazon founder Jeff Bezos, Tesla and SpaceX head Elon Musk, media giant Mike Bloomberg, investor Warren Buffett — have in several recent years paid zero federal income taxes, even as their wealth grew by leaps and bounds. In other years they paid only a tiny fraction of the increase in their fortunes.

“If you paid income taxes in recent years, you likely did so at much higher rates than the richest man on the planet, who is on the brink of blasting into space on his own rocket ship,” said **Frank Clemente, executive director of Americans for Tax Fairness**. “Today’s bombshell report revealed how America’s billionaires rigged the rules to pay very little and, in some cases nothing, in federal income taxes even as their wealth skyrocketed in recent years. Fortunately, President Biden has proposed to make the wealthy, and the corporations they own, begin paying their fair share of taxes to pay for his jobs and investment plans to build back better. Unfortunately, Congressional Republicans have been determined to maintain a rigged system that lets America’s richest corporations and billionaires off the hook while sticking working families with the bill. Change needs to happen now.”

A detailed set of options for ensuring the wealthy pay their fair share of taxes proposed by President Biden, Americans for Tax Fairness and others [can be found here](#). ATF’s analysis of Biden’s jobs, tax and investment plans is [here](#). ATF’s report showing billionaire wealth has grown by 55%, or by \$1.6 trillion, during the first 13 months of the pandemic is [here](#).

**Here’s how the super-rich can dodge paying much if anything in federal income taxes each year while working families pay their fair share:**

- **Untaxed Annual Capital Gains:** Unlike average Americans, whose income mostly comes from wages, the super-rich get most of their income from the growth in the value of their assets like stocks, bonds, businesses, and real estate. But even as those asset values grow by millions or even billions of dollars in a single year, the owners don’t owe a dime in income taxes if they don’t sell the assets. So, unlike a worker who is taxed all year long on

every dollar in her paycheck, billionaires like Jeff Bezos or Elon Musk can decide when and if they want to pay taxes on their investment gains. Typically, they just borrow money to live—with interest charges just a fraction of the taxes they would have to pay if the assets were sold.

- **Discount Tax Rate on Capital Gains:** Even when a billionaire does sell an asset for a profit, the top tax he pays on the gain is only about half the top rate on wages and salaries (20% vs. 37%). It's this deep discount on investment income (both capital gains and a related form of investment income known as dividends) that allows a billionaire to pay a lower tax rate than a teacher, truck driver, or nurse.
- **Lifetime of Untaxed Capital Gains:** If a billionaire or other rich person dies without selling her investments that have gone up in value, those capital gains disappear for tax purposes. If whoever inherits the assets immediately sells them, no capital gains taxes are due. That's because according to this giant loophole, the cost of each investment is no longer what the original owner paid for it, but rather its market value at the time of the owner's death—what's known as “step-up” valuation. So, this loophole allows the wealthy to avoid paying taxes on investment gains for their entire lives.
- **Low or No Taxes on the Corporate Sources of Wealth:** The billionaires in the ProPublica story and most of the super-rich derive their income from ownership of corporations through their stock holdings. But many of those corporations themselves also often pay little or nothing in corporate taxes. In the year following the big Trump-GOP corporate-tax-rate cut of 2017, which slashed the rate from 35% to 21%, 1,500 big firms in a government survey were found to have paid an [average tax rate of just 7.8%](#). That was far below the median [14% tax rate paid](#) by all households. The source of Bezos's wealth, Amazon, paid over the years 2018 to 2020 a [tax rate of just 4.3%](#), despite over \$40 billion in profits.