



## SUMMARY OF PROPUBLICA'S REPORT ON BILLIONAIRE TAX DODGERS

### OVERVIEW

Federal tax returns of some of America's wealthiest people reported on by [ProPublica](#) June 8, 2021, reveal that they pay no federal income taxes some years and often pay lower tax rates on their investment income, including asset-value growth, than workers pay on their wages. Overall:

- Some years billionaires pay no federal income taxes: Jeff Bezos paid zero in 2007 and 2011, Elon Musk paid zero in 2018, Michael Bloomberg paid zero several times in "recent years", and George Soros paid zero three years in a row.
- The 25 top billionaires covered in ProPublica's analysis saw their wealth rise by \$401 billion from 2014 to 2018, yet they paid a federal income tax rate of just 3.4%. That's far less than what most middle-class workers like teachers, nurses and firefighters pay.
- ProPublica bases that tax rate on how much each billionaire paid in federal income taxes during that period compared with how much their wealth grew. Because the wealthy make most of their money from the rise in the value of their assets, ProPublica calls the share of that increase paid in taxes the rich person's "true tax rate".
- In 2018, these 25 billionaires [reported a combined \\$158 million](#) to the IRS in wages, a mere 1.1% of their total reported incomes for that year.

### DATA ON INDIVIDUAL BILLIONAIRES

#### ProPublica Sources:

["The Secret IRS Files: Trove of Never-Before-Seen Records Reveal How the Wealthiest Avoid Income Tax,"](#) ProPublica, June 8, 2021

["The Secret IRS Files Short Form: A Quick Guide to What We Uncovered,"](#) ProPublica, June 8, 2021

#### WARREN BUFFETT

##### *Topline facts:*

- Wealth growth, 2014-2018: **\$24.3 billion**
- Total income reported for tax purposes: **\$125 million (0.51% of his wealth growth)**
- Total federal income taxes paid,: **\$23.7 million**
- True tax rate: **0.10%**

##### *Additional information:*

- Buffett is America's sixth-richest person, worth \$110 billion as of Forbes' estimate in May 2021. Yet, from 2015-18, Buffett reported relatively paltry annual income ranging from \$11.6 million to \$25 million. At least 14,000 U.S. taxpayers in 2015 reported higher income than him.
- One reason for the big mismatch between Buffett's reported income and wealth growth is that he makes sure the company he runs, Berkshire Hathaway, does not pay a dividend to shareholders. Such dividends are taxed annually. Instead, Berkshire shareholders--prominently including Buffett--make their money through the increase in the stock's value, which under current federal law may never be taxed.

## JEFF BEZOS

### *Topline facts:*

- Wealth growth, 2014-2018: **\$99 billion**
- Total income reported for tax purposes: **\$4.22 billion (4.26% of his wealth growth)**
- Total federal income taxes paid: **\$973 million**
- True tax rate: **0.98%**

### *Additional information:*

- Bezos [paid zero federal income taxes](#) in both 2007 and 2011.
- From 2006 to 2018, when Bezos' wealth increased by \$127 billion, he reported a total of \$6.5 billion in income. He paid \$1.4 billion in personal federal taxes, a true tax rate of 1.1%.
- Though still worth about \$18 billion, Bezos in 2011 reported annual investment losses that exceeded his other income, wiping out any tax liability. Because of this on-paper poverty, billionaire Bezos was able to [claim the same \\$4,000 child tax credit](#) intended to make ends meet for working parents.
- One reason for the big mismatch between Bezos' reported income and wealth growth is that he makes sure the company he runs, Amazon, does not pay a dividend to shareholders. Such dividends are taxed annually. Instead, Amazon shareholders--prominently including Bezos--make their money through the increase in the stock's value, which under current law may never be taxed.

## MICHAEL BLOOMBERG

### *Topline facts:*

- Wealth growth, 2014-2018: **\$22.5 billion**
- Total income reported for tax purposes: **\$10 billion (44.53% of his wealth growth)**
- Total federal income taxes paid: **\$292 million**
- True tax rate: **1.3%**

### *Additional information:*

- ProPublica found Bloomberg several times paid zero federal income taxes in "recent years".
- Bloomberg [paid 1.3% in federal income taxes](#) compared with his \$22.5 billion in increased wealth between 2014 to 2018,
- In 2018, Bloomberg used breaks from the 2017 Trump-GOP tax law, charitable contributions, and credits for paying foreign taxes to drastically cut his U.S. tax bill. He paid \$70.7 million on almost \$2 billion in income, a 3.7% conventional income tax rate.

## ELON MUSK

### *Topline facts:*

- Wealth growth, 2014-2018: **\$13.9 billion**
- Total income reported for tax purposes: **\$1.52 billion (10.94% of his wealth growth)**
- Total taxes paid: **\$455 million**
- True tax rate: **3.27%**

### *Additional information:*

- Billionaire Musk [paid zero federal income taxes](#) in 2018.
- One reason for the big mismatch between Musk's reported income and wealth growth is that he makes sure the company he runs, Tesla, does not pay a dividend to shareholders. Such dividends are taxed annually. Instead, Tesla shareholders--prominently including Musk--make their money through the increase in the stock's value, which under current tax law may never be taxed.

**CARL ICAHN**

- Billionaire Icahn paid zero federal income taxes in 2016 and 2017, despite \$544 million in reported income.
- Rich people can avoid creating taxable income by paying expenses with loans. Icahn had an outstanding loan of \$1.2 billion with Bank of America among other loans in those years. Icahn used the loan for his investments and then deducted the interest from his taxes.

**GEORGE SOROS**

- Soros [paid zero federal income taxes three years](#) in a row.

**MARK ZUCKERBERG**

- One reason for the big mismatch between Zuckerberg's reported income and wealth growth is that he makes sure the company he runs, Facebook, does not pay a dividend to shareholders. Such dividends are taxed annually. Instead, Facebook shareholders--prominently including Zuckerberg--make their money through the increase in the stock's value, which under current tax law may never be taxed.