



March 3, 2016

Trump Declines to Release Tax Returns Until After IRS Audit

TAX

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Republican presidential front-runner Donald Trump has been unrestrained when attacking his fellow contenders both on and off the debate stage. It is no secret that Trump supporters admire their candidate's political incorrectness and willingness to "tell it like it is." Yet apparently Mr. Trump has decided to take a more cautious approach with respect to his own personal finances. In the last presidential debate, Mr. Trump came under heavy fire to release his personal income tax returns. The front-runner insisted that he cannot release these returns because they are under audit by the Internal Revenue Service ("the IRS").

The release of personal tax returns has been a standard rite of passage for presidential candidates for the last several decades. It is an act of transparency that gives potential voters a portrait of the candidate's private financial life. Tax returns can shed light on such matters as a candidate's income sources, business holdings, charitable contributions and offshore accounts. The vast majority of candidates who have run for president during the past four decades have released their tax returns to the voting public.

By law, the IRS is prohibited from disclosing an individual's tax matters to unauthorized third parties. However, there is no rule that an individual cannot voluntarily share his or her own tax information with others, even while under audit. Furthermore, even if Mr. Trump is reluctant to release the returns under examination, challengers have been quick to point out that he could save face by releasing earlier returns upon which an audit is complete.

Tax practitioners who have weighed in on the matter have generally sided with Mr. Trump. If the returns were released, they would be immediately scrutinized by thousands of tax professionals across the country. Comments from these experts could lead an examining agent to question transactions or positions that may have otherwise gone unnoticed. Most professionals further advise against releasing past returns during an audit, since many transactions span multiple tax years such that the returns are intertwined.

Mr. Trump's political opponents have speculated that his unwillingness to release his tax returns could be due to trouble in his business dealings or that his net worth is considerably lower than he claims. Despite increasing pressure, Mr. Trump has stood his ground. Whether Mr. Trump is simply being prudent or whether his returns do in fact contain a proverbial "bombshell" remains to be seen. For now, Trump supporters and opponents alike are left with only the conclusion that the immediate release of Mr. Trump's tax returns is not a part of his plan to "make

America great again.”

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