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Clinton Claims Trump Tax Returns May Reveal Russian Ties

In the quixotic quest for Trump's long-desired tax returns, Hillary [Clinton is now tying Trump's refusal to release his tax returns to Russia](#). You have to give Clinton and her team credit for stirring the pot one more time. Even if Trump released his tax returns, which at this point seems highly unlikely, his alleged Russian ties still might not be clear. Even big connections might not be clear. Recall that recent Trump supporter Ted Cruz once suggested that Trump's returns may show [mafia ties](#). Of course, there have been numerous suggestions that Trump has ties to Putin and Russian oligarchs.

The allegations surely won't cause Trump to hand the returns over. Trump's core supporters probably do not care too much about his tax returns. But many voters might. Trump is running for President, and it is unheard of for him not to release his taxes. Even so, all challenges have failed. Warren Buffett [challenged Trump: I'll show my tax returns if you'll show yours](#). And there have been several offers for money to Trump or to charity if Trump would release them.



It is hard to imagine more challenges working. Trump's audit defense is decent, whatever the IRS or the public might say. A [letter](#) from Trump's tax lawyers confirmed an ongoing tax audit for 2009 and later. The letter said 2002 through 2008 tax years were but closed, but even closed years could be impacted. If Trump did hand them over—which he probably will not—they might not be the gold mine everyone seems to expect. Some candidates provide only the first two pages of a tax return, not the whole enchilada.

Tax returns do not show an individual's net worth, not even Donald Trump's. They show income, but Trump might rake in millions and have a tax loss. In fact, having a tax loss can be attractive. You let non-cash losses (for example, from partnerships) offset your cash income items. That's efficient. Tax returns will not show market values. Large income (say from rents, royalties, commissions), may be sheltered with big depreciation deductions.

The tax returns will show effective tax rates, and that could hurt, as it did Mitt Romney. Trump's effective tax rates may not be high. Most of Mr. Trump's income is probably not ordinary income taxed at 39.6%. Most may be capital gain taxed at 20% (plus maybe the 3.8% Obamacare tax). If that is so, that could grate on some of his supporters. Still, Trump does say with some pride

that he pays as little tax as he can.

Perhaps Mr. Trump's tax returns are aggressive, taking positions that get whittled down and compromised in audits. Trump does complain that his audits have been perennial. But if his 'art of the deal' applies to his taxes, will that hurt his image with his followers? It doesn't seem likely. The returns could be revealing about charitable giving, or the lack of it. Yet again, if only the first two pages of the returns were released, there would be no detail. Charitable contribution deductions go on Schedule A.

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