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THE TAX LAWYER

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### IRS Oversees Taxes And Obamacare. Now Warren Buffett Wants IRS In Welfare Too

Mega-Billionaire [Warren Buffett](#) is awfully savvy, the most successful investor of all time. He has become a strangely hybrid cult figure. A kind of public sage, he is a bellwether of what we all should do. In the language of the 1960s, Mr. Buffett is part of the establishment.

Yet he likes simple things, managing to appeal to everyman. Despite public hostility toward the super-rich, Mr. Buffett is always revered, making many perpetually hungry for the [facts they never knew about Warren Buffett](#). He even says he wants higher tax rates, almost mounting a crusade. Heck, I should pay more than my secretary, he famously complained.

Of course, Mr. Buffett is famously shrewd when it comes to shaving taxes off his own wealth, with a way of [supersizing Buffett tax deductions](#). And he is deft at entirely side-stepping or shaving quite close all taxes off the endless parade of corporate deals his army of companies keeps acquiring.



In the corporate world, Mr. Buffett plays a non-stop Game of Thrones. Truly, no one else can [bend it like Buffett](#). All of this makes it especially unfortunate that Mr. Buffett is championing bringing the IRS into an even larger role than it already has. In a *Wall Street Journal* [opinion piece](#), Mr. Buffett says we should expand the Earned Income Tax Credit and *not* raise the minimum wage.

As Mr. Buffett puts it, “The process is simple: You file a tax return, and the government sends you a check.” Many tax lawyers, accountants and return preparers who deal with IRS issues daily are scratching their heads. Any American who has dealt with an IRS snafu—and there are many—should be too. Already, a Treasury Department watchdog has admitted that the [IRS made \\$133 billion in improper EITC payments](#).

And the horrible tally keeps going up every year, with the [earned income tax credit still being plagued with terribly high error rates](#). We pay out *billions* to the *wrong* people. And some of the *right* people don’t get what they should get. Fraud is rampant. And then there is the whole undocumented worker issue!

Republicans are already upset at President Obama for his Executive Action that many still say is illegal. Then, the IRS weighed in saying that [millions of illegals who never paid U.S. tax, could get 3 years of tax refunds!](#) That prompted bills to stop [tax refunds to illegals under the Obama immigration](#) action.

And through it all, Mr. Buffett avoids flack for doing deals that seem to contradict his “raise my taxes” mantra. For example, [Burger King went Canadian](#), an ideal way for a company to reduce U.S. taxes on foreign income. The burger company’s takeover of Canadian Tim Hortons Inc. was sweetened by Mr. Buffett, who agreed to help finance it. A lower corporate tax rate in Canada was clearly attractive.

Mr. Buffett said the Burger King deal is different from transactions in which companies shift valuable intellectual property to other nations. His defenders say he has a fiduciary duty to company shareholders to be tax-efficient. Yet he does it personally too, usually making donations with appreciated stock. He gave \$2.6 billion to charity in 2013, and \$2.8 billion in 2014. Big gifts went to the Bill and [Melinda Gates](#) Foundation and other charities.

Was it cash? Of course not! The famously savvy CEO did it in stock, giving 21.7 million shares of his company’s class B stock. Valued at \$128.98 per share, it reduced his holdings to \$63.1 billion. \$2.1 billion worth of shares (16.59 million of them) went to [Bill Gates’](#) charity, the [Gates Foundation](#).

Mr. Buffett is always careful to plan transactions efficiently so he pays less. Like a long term investment that pays off, perhaps there’s something satisfying in arranging a deal that is tax-efficient. Like an Omaha steak. But there’s nothing satisfying about saddling the IRS with even a larger role in American life. Nothing.

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