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# Amending Clinton Foundation Taxes Can't Change The Past

Does [amending your tax return](#) fix everything? Not always. Sometimes the IRS can still audit and even prosecute you based on the initial filing. For example, if the IRS catches you before you correct your mistake, an amendment may not fix it. It is an interesting paradigm to compare now that the Bill, Hillary and Chelsea Clinton Foundation has announced amending multiple years of tax returns.

The subject is embarrassing: donations by foreign governments while Mrs. Clinton was Secretary of State. Mrs. Clinton resigned from the Foundation's board after she officially announced her Presidential run. But upon becoming Secretary of State, Mrs. Clinton promised that the Foundation would stop accepting donations from foreign governments. It turns out there were exceptions, and that the Foundation's tax filings with the IRS were less than transparent.

Now, Maura Pally, acting CEO of the Foundation, [posted a statement](#) acknowledging that the Foundation failed to separate government grants from other donations on its tax filings. Ms. Pally wrote that the Foundation intends to refile tax returns. Although the Foundation does good works, extensive donations by foreign governments while Mrs. Clinton was Secretary of State are hard to explain. It happened, which violated her promise, and the President's code of ethics. Even worse, it now may look as if she tried to keep the embarrassing and conflict-triggering gifts quiet. Like that private email server, hidden.



Starting in 2010, the Foundation reported on its IRS tax return for three consecutive years that it received *no donations from foreign government sources*. It wasn't as if they didn't know *how* to report them. In prior years, the Foundation reported *tens of millions of dollars* in such donations. Then, after Mrs. Clinton resigned as Secretary of State, the Foundation *again* began accepting donations from foreign governments. Of course, it has now once again pledged to stop accepting them. This time do they mean it? Does Mrs. Clinton?

The Foundation is now worrying over the accuracy of the IRS returns from 2010, 2011 and 2012. Most taxpayers can't amend that far back, generally being limited to the last three years. Yet the Foundation says it will "re-file when the review is completed." Refiling does sound responsible, but does it fix everything? It depends. It is clear that the Foundation *did* accept millions in donations from foreign governments in those years, which overlapped with the time Mrs. Clinton served as Secretary of State.

And it also seems clear that if there wasn't any sleight of hand, it sure looks bad. Mistakes happen, and as with other taxpayers, foundations can amend their tax returns. The changes shouldn't mean any taxes are payable, but the gaffe is disturbing nevertheless. The Foundation has said that the foreign government donations were no secret.

Does that suggest that Mrs. Clinton didn't mean it when she promised that the Foundation would cease accepting donations from foreign governments? Perhaps there are undeleted emails about this on that private email server. The Foundation downplays the errors, noting that the money was included in the overall revenue figures reported to the IRS. Plus, the dollars from government sources was noted in the organization's annual audited financial reports, posted on its website.

Ditto for the names of governments that had donated. But was that enough? Not really. The amendments are especially awkward for the organization because it highlights the Foundation's continued receipt of foreign money while Hillary Clinton was Secretary of State. The Foundation received millions in donations from seven foreign governments between 2009 and 2013, despite an ethics agreement signed with the Obama administration in 2008 designed to limit such contributions. The agreement allowed governments that had been donating before its adoption to continue to do so at levels similar to the past.

Can other taxpayers take advantage of filing amended returns to fix their mistakes? In general, yes, but sometimes the IRS views amended tax returns as too little too late. For example, if the IRS has started an investigation of a tax return and the taxpayer then hurriedly files an amended tax return, it can look like putting a fence around a backyard swimming pool after a child wanders into the pool and drowns.

The IRS says if you discover errors after you file, you *should* amend. Interestingly, you are not under an affirmative obligation to amend, but you still may want to. If you do, you can't cherry-pick and make only those corrections that get you money back, but not those that increase your tax liability. Most people suggest you must amend within three years of your original return filing.

Actually, you must file a [Form 1040X, Amended U.S. Individual Income Tax Return](#), within three years from the date you filed your original return, or within two years from the date you paid the tax, whichever is later. Amended returns are only filed on paper, so even if you filed your original return electronically, you'll have to amend on paper. If you are amending more than one tax return, prepare a separate 1040X for each return.

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