



Romney releases taxes, claims he has paid every year

by Jackie Kucinich and Kevin McCoy, USA TODAY

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Mitt Romney released new tax documents Friday showing he and his wife Ann received \$13.7 million in investment income and paid more than \$1.9 million in federal income taxes or a 14.1% effective rate in 2011. The documents, which fulfilled a campaign promise, also included a claim that the Romneys' personal federal income tax rate during the past 20 years has never been lower than 13.66%.

[The documents](#) also made clear that Romney, who donates millions of dollars to charity each year, reduced the amount of charitable deduction he claimed this year to keep his federal tax rate above 13%.



Ann and Mitt Romney

The 2011 returns for the Romneys were part of a package of documents released by the Republican presidential nominee that also included his wife's trust, the family's charitable trust, medical records for Romney and his running mate, Rep. Paul Ryan, R-Wis., and tax returns and disclosure reports for Ryan and his wife, Janna.

It is the second of the two years of returns Romney has said he would release. He released his 2010 returns in January after coming under attack from Republican opponents before the crucial early primary contests of South Carolina and Florida.

Romney made his fortune running private equity firm Bain Capital and most of the Romneys' \$13.7 million income came from investments. Capital gains and dividends are taxed at 15% -- a lower rate than the 35% on ordinary income such as wages and salaries. The 2011 tax return shows he earned \$190,350 in speaking fees and \$260,390 as a director of other companies.

President Obama and Vice President Biden have each released 12 years of returns. The Romneys' 2011 return showed they donated more than \$4 million but claimed only \$2.25 million.

"The Romneys voluntarily limited their deduction of charitable contributions to conform to the governor's statement in August, based upon the January estimate of income, that he paid at least 13% in income taxes in each of the last 10 years," the campaign explained.

Obama campaign spokeswoman Stephanie Cutter said in a statement late Friday, "Today's release of Mitt Romney's 2011 tax returns confirms what we already knew -- that people like Mitt Romney pay a lower tax rate than many middle-class families because of a set of complex loopholes and tax shelters only available to those at the top. Yet, Mitt Romney still wants to give multimillionaires an additional \$250,000 tax cut at the expense of middle-class taxpayers who will see their taxes go up."

During a South Carolina primary debate in January, Romney said he had only paid "the taxes that are legally required and not a dollar more."

"I don't think you want someone as the candidate for president who pays more taxes than he owes," he said.

Romney told ABC News in July, "Frankly, if I had paid more than are legally due I don't think I'd be qualified to become president. I'd think people would want me to follow the law and pay only what the tax code requires."

Asked how the decision squared with Romney's comments, adviser Michele Davis said the Romneys were in a "unique position."

"He has been clear that no American need pay more than he or she owes under the law," she said. "At the same time, he was in the unique position of having made a commitment to the public that his tax rate would be above 13%. He directed his preparers to ensure that he is consistent with that statement."

Martin Press, a tax law expert from the Gunster law firm in Fort Lauderdale, said there were several ways to look at Romney's decision to claim less than he gave in charitable contributions.

"You could look at it one way and say he's being very magnanimous and not taking all of his charitable deductions, even though he was entitled to under the law. That's the Republican view," Press said. "The Democratic view is he's so scared that his tax rate would go down too low that he didn't take all his deductions. It's an interesting comment on our tax system."

"You could call it manipulation; he did manipulate what percentage he wanted to pay in taxes," said Ellen Minkow, an accountant at MS 1040 LLC in New York City.

Fred Slater, another accountant with the firm, hypothesized that Romney's decision to forgo some of the deductions to which he was entitled cost him a little under \$300,000.

The Romneys' charitable donations go to their own foundation -- the Tyler Charitable Foundation -- and to the Church of Jesus Christ of Latter-day Saints. Tithing, or contributing at least one tenth of one's income to the church, is a tenet of the Mormon faith.

The campaign also released a notarized letter from accounting firm PwC, LLP -- the U.S. company of accounting giant PricewaterhouseCoopers -- summarizing the Romneys' state and federal income tax returns from 1990-2009, which seemed to confirm Romney's claim that he has paid taxes every year -- despite allegations to the contrary made by Senate Majority Leader Harry Reid (D-Nev.).

However, Instead of detailing each year, the accountants averaged all of the years of returns together -- saying the lowest average rate "any year during that period" was 13.66%, the average rate was 20.20%.

Press said the letter answered few questions.

"He's not releasing 20 years of his returns, but they're making summary statements about 20 years of returns," he said. "I don't know what they (the accounting firm) mean by that statement, because they're not specifically basing the conclusion on (Romney's) adjusted gross income."

In January, former House speaker Newt Gingrich, who was surging in the polls at the time, hammered Romney for his hesitance to release the financial documents during a presidential debate in South Carolina.

Gingrich hinted that Romney's refusal to release his returns was because he had something to hide.

Romney initially insisted he would wait until April to release his returns, but days later released his 2010 return as well of an estimate of his 2011 total.