

## Trump's 2005 Tax Return Released: Why President Trump Wants to Abolish the A.M.T.

By John Billet, L.L.M Candidate, 2017 | March 23, 2017

On March 14, MSNBC released a two-page section of President Trump's tax return from 2005. The released tax return (which was [condemned](#) but confirmed by the White House) shows that Mr. Trump reported income of \$150 million and paid \$38 million in federal income taxes (an effective tax rate of 25 percent). President Trump declared more than [\\$100 million in business losses](#) which led him to save millions of dollars in federal taxes.

During the campaign, Trump was highly criticized for refusing to release his tax returns to the public — a tradition for presidential candidates. Indeed, critics claimed that his tax returns could unveil potential improprieties within his business practices, as well as reveal whether he has done business with Russian companies and banks. In his defense, Trump claimed he was under an ongoing audit by the IRS, which prohibited him from releasing his tax returns (although commentators have [said](#) that an audit would not legally preclude him from releasing them).

In a recent statement, the White House [explained](#) that the business losses were a “large scale depreciation for construction.” The White House also said, “Before being elected, Mr. Trump was one of the most successful businessmen in the world, with a responsibility to his company, his family and his employees to pay no more tax than legally required” and that he paid “tens of millions of dollars in other taxes, such as sales and excise taxes and employment taxes, and this illegally published return proves just that.”

Trump's 2005 tax return does not indicate any ties with Russia, nor does it shed light on any business activities that were not previously known. However, it highlights that Trump paid his tax under the alternative minimum tax, which Mr. Trump [wants to abolish](#).

The alternative minimum tax (A.M.T.) was created to prevent wealthy Americans from paying no income tax by taking advantage of deductions and loopholes. Indeed, with the A.M.T., those with high incomes have to calculate their taxes twice: once with all their deductions and once without many of them. The taxpayer must then pay the higher of the two figures. As a matter of fact, without the A.M.T., Trump would only have paid \$5.3 million federal income taxes in place of the \$31 million he paid on \$153 million in income in 2005. According to David Cay Johnston, the journalist who received the tax return by mail and Pulitzer laureate, “If we didn't have the alternative minimum tax, [he would have paid taxes at a lower rate than the poor](#) who make less than \$33,000 a year.”

President Trump [condemned](#) MSNBC's release of his 2005 tax return, calling it “fake news” and criticizing the media on his Twitter page. Putting aside the debate of whether the tax return is fake, the partial disclosure of Trump's tax return will further pressure the White House to finally publish the President's tax return in full.