

IRS data shows: US billionaires' true tax rate far lower than that of workers

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On June 8, ProPublica published the first in a projected series of articles documenting the massive scale of legally sanctioned tax evasion carried out by America's ever-expanding class of billionaires. The article, based on an exhaustive study of leaked Internal Revenue Service (IRS) documents, focuses on the period from 2014 through 2018. It demonstrates that in the course of those five years, the 25 richest Americans paid federal taxes on their increased wealth at a far lower rate than the typical US household.

The report also cites tax data on billionaire oligarchs such as Jeff Bezos, Warren Buffett, Elon Musk and Michael Bloomberg going back to the first decade of the current century, showing that they paid little or no taxes regardless of which big business party—Democrats or Republicans—occupied the White House. It explains as well that even were the Biden administration to carry out its promised increases in income tax rates for the rich, the impact on the vast fortunes of today's robber barons would be minimal.

The authors state that in determining the increased wealth of America's "top 0.001 percent," they included not simply their salaries, which in many cases comprise only a small share of their actual income, but also "investments, stock trades, gambling winnings and even the results of audits."

The result, they note, demolishes "the cornerstone myth of the American tax system: that everyone pays their fair share and the richest Americans pay the most." They continue: "The IRS records show that the wealthiest can—perfectly legally—pay income taxes that are only a tiny fraction of the hundreds of millions, if not billions, their fortunes grow each year."

ProPublica's revelations provide insight into how the capitalist system and its various state institutions and rigged legal system promote a parasitic financial

aristocracy that lives in a world apart from the rest of humanity. Unlike workers, who depend on their wages to survive and pay the full income tax rate, the ultra-wealthy avoid taxes by obtaining massive loans from banks, borrowing against the value of their ever growing and artificially inflated assets, such as stocks and real estate, which are not taxable until they are sold.

In order to calculate what ProPublica terms the "true tax rate" of the 25 richest Americans, the report compares how much in taxes these individuals paid over a given period to how much their wealth grew, using wealth estimates published by *Forbes* magazine.

Between 2014 and 2018, *Forbes* estimated that these 25 people saw their wealth increase collectively by \$401 billion. The documents obtained by ProPublica show that these same individuals collectively paid \$13.6 billion in federal income taxes over the same time period, for a true tax rate of only 3.4 percent. By contrast, ProPublica found that between 2014 and 2018, a typical US worker in his or her 40s experienced a net wealth expansion of about \$65,000. That same worker's tax bills "were almost as much, nearly \$62,000, over that five-year period."

Over that same period, according to ProPublica, Warren Buffett's wealth increased by \$24.3 billion, but the Berkshire Hathaway mogul paid only \$23.7 million in taxes, resulting in a true tax rate of 0.10 percent.

Amazon boss Jeff Bezos' wealth soared by a staggering \$99 billion, but he paid just \$973 million in taxes, yielding a true tax rate of less than 1 percent.

Tesla CEO Elon Musk is another "pandemic profiteer." He saw his wealth skyrocket this past year, in part by violating a state-ordered shutdown and illegally restarting production at the Fremont, California, Tesla factory, leading to hundreds of

coronavirus infections. Between 2014 and 2018 his wealth grew by \$13.9 billion, while he paid \$455 million in taxes, resulting in a true tax rate of 3.27 percent.

The reporting confirms the Marxist analysis of the capitalist state, described in the *Communist Manifesto* as "... a committee for managing the common affairs of the whole bourgeoisie." The various loopholes and tax avoidance schemes employed by the ruling class are legal, have been for decades, and will continue to be so under Biden or any other Democratic administration.

As then-candidate Joe Biden assured wealthy donors at a Manhattan campaign fundraising event in January 2019, should he become president, "no one's standard of living will change, nothing would fundamentally change." Nearly six months into his presidency, Biden has kept his promises to his wealthy benefactors, as evinced by his recent retreat from his proposal to raise corporate taxes by a few percentage points.

Among other facts included in the ProPublica report:

- Bezos, the world's richest man, did not pay a penny in federal income taxes in 2007 and 2011. In 2011, despite his overall wealth holding steady at \$18 billion, Bezos filed a tax return in which he claimed to have lost money. The IRS not only approved the billionaire's tax return, it granted him a \$4,000 tax credit for his children!

- Musk, now the second richest person in the world, did not pay any federal income taxes in 2018.

- Former New York City Mayor Michael Bloomberg, as well as billionaire investors Carl Icahn and George Soros, have also had years when they paid nothing in federal income taxes. Soros, worth an estimated \$8.6 billion as of March 2021, paid no federal income taxes for three years in a row.

According to the ProPublica report, when the super-rich do pay something in income taxes, their true tax rate is far lower than that of the typical working class household, with a median income of \$70,000. For instance, between 2006 and 2018, while Bezos' wealth surged by over \$120 billion, he paid, on average, \$1.09 in taxes for every \$100 in wealth growth. But over the same period, the median American household paid \$160 in taxes for every \$100 in wealth growth—paying more in taxes than it gained in wealth.

Overall, ProPublica found that the richest 25 Americans pay a far lower income tax rate, an average

of 15.8 percent of adjusted gross income, than do many workers, once taxes for Social Security and Medicare are included. To highlight the point, ProPublica found that by the end of 2018, the 25 richest Americans were worth \$1.1 trillion and collectively paid a federal tax bill of \$1.9 billion.

The \$1.1 trillion in collective wealth hoarded by 25 people equals the combined annual wages of roughly 14.3 million American workers, who in 2018 paid \$143 billion in federal taxes, or over 75 times more than the billionaires.

On Tuesday, in response to a reporter's question about the ProPublica report, White House Press Secretary Jen Psaki had nothing to say about its damning content. Instead, she threatened criminal prosecution of those who leaked the IRS documents to ProPublica.

"Any unauthorized disclosure of confidential government information by a person of access is illegal and we take this very seriously," said Psaki. She added that the IRS commissioner has referred the matter to investigators and that the FBI and Justice Department would also be investigating.



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