

## Presidential Audit and Tax Transparency Act

Since Watergate, every president and presidential candidate has released some number of his or her tax returns to the public. That changed in 2016 when Donald Trump refused to release his tax returns after he was nominated as the Republican Party's presidential candidate, and he broke tradition again by refusing to release his returns once he assumed office.

Even more concerning, a 2022 investigative report by the House Ways and Means Committee found that the IRS violated its own policies by failing to begin an audit of Trump's tax returns until prompted by Congress, and only began one presidential audit during Trump's four years in office. Donald Trump fought a years-long court battle to prevent Congress from receiving information on the status of these audits, with the United States Supreme Court ultimately ruling that Trump violated the law by blocking Congress's access to this information.

A review of Donald Trump's tax returns and audit files by the nonpartisan Joint Committee on Taxation (JCT) found that when the IRS finally began an audit of Trump's tax returns, it assigned only one auditor to review more than 400 Trump-owned entities. The JCT review called into question many issues not pursued by the IRS, including potentially illegal deductions for personal hotel rooms and personal use of a private jet, unsubstantiated charitable deductions, potential disguised gifts to his children, potentially inappropriate use of losses, and a litany of other potentially problematic issues.

The sole IRS employee responsible for this audit declined to pursue these issues further, citing limited IRS resources and the belief that because Trump hired a team of lawyers and accountants to prepare his returns, all the deductions he claimed were assumed to be proper. However, since the initial IRS audit review, Trump's long-time accounting firm has stated that nearly 10 years of the Trump Organization's financial statements are inaccurate and cannot be relied upon. In addition, the Trump Organization was subsequently found guilty on 17 counts of financial crimes, including tax fraud, falsifying business records and conspiracy, with Trump's long-time Chief Financial Officer pleading guilty to criminal tax fraud.

The Presidential Audit and Tax Transparency Act would ensure that sitting presidents and presidential nominees comply with the post-Watergate norms followed by every president other than Trump. In addition, it would codify the requirement that the IRS audit sitting presidents' tax returns annually and ensure this requirement is followed by mandating the IRS issue timely updates and a report on the audit's findings. These changes will guarantee that no sitting president can avoid an audit through threats or intimidation, and prevent putting any individual IRS employee in the situation of deciding *whether* to audit the president.

*Disclosure and audit of sitting president's taxes.* The legislation would require that the IRS initiate an audit of the president's income tax returns as quickly as practicable. Within 90 days of filing, the IRS would be required to publicly release the returns and provide an update on the status of the presidential audit. Every 180 days thereafter, the IRS would be required to update the public on the status of the audit, and release the ultimate findings of the audit.

*Disclosure of presidential candidates' tax returns.* The legislation would also codify the long-standing practice of presidential candidates of major parties releasing their income tax returns.

The legislation requires that presidential candidates of major parties include their most recent three years of tax returns in their publicly-available financial disclosure filings with the Federal Election Commission. In the case that a presidential candidate does not disclose the tax returns within 15 days after nomination, the Federal Election Commission is instructed to obtain the tax returns from the Secretary of the Treasury and make them public.

Coordinating rules eliminate potential duplication of disclosure, and ensure consistent disclosure rules in the case that the Vice President assumes the presidency and other circumstances. In addition, the Secretary of the Treasury is instructed to redact certain personal identity information.