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# Trump says he can't release tax returns because of audits

by Chris Isidore and Jeanne Sahadi @CNNAmerica

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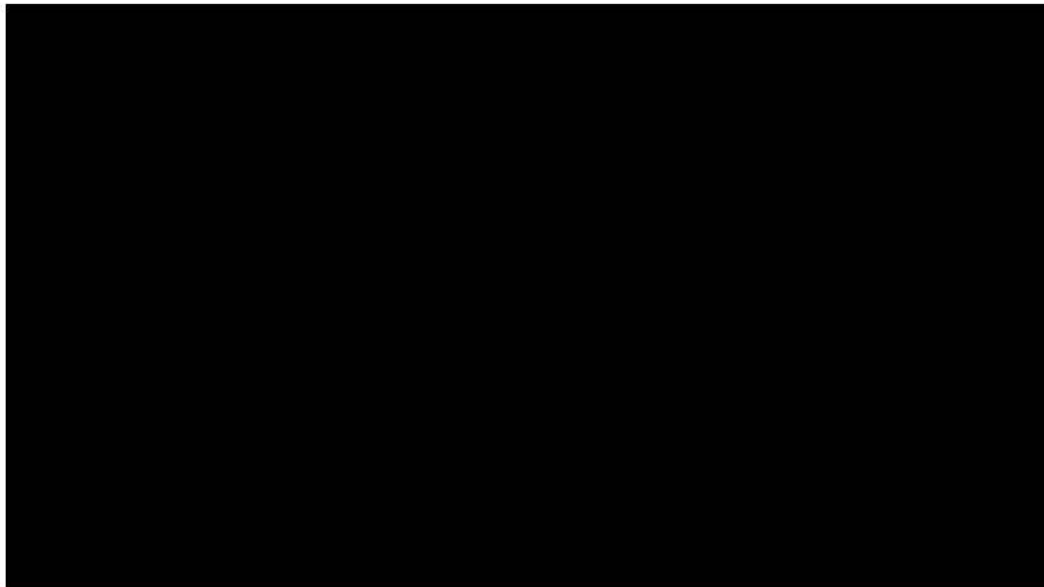
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Trump: I'd like to release my tax returns, but ...

Donald Trump says he wants to release his tax returns but can't because he is being audited by the IRS.

"I'm being audited now for two or three years, so I can't do it [release returns] until the audit is finished, obviously. And I think people would understand that," Trump said during CNN's Republican debate.

An audit by itself would not prevent Trump from releasing his tax returns. It is up to an individual whether to disclose his or her tax return -- to the public, to a lender or to anyone else who wants to see it.

Trump suggested that releasing his returns now would compromise his negotiating position with the IRS. "You're in the midst of negotiating and talking to the IRS ... Your lawyers would never allow you to do that," Trump told CNN after the debate.

Not all tax attorneys agree. "The chances of [a public release] creating a problem vis a vis the audit are negligible. Not none, but negligible," said former IRS attorney Dennis Brager.

As for "negotiating," there's not much leeway for it in audits. When explaining questionable parts of a return to the IRS, "I've either done it correctly or I've done it wrong or if it's a gray area I'll dance around it. But it's not a straight negotiation," said tax attorney and CPA Martin Davidoff

But another former IRS attorney, Garrett Gregory, does think there could be a potential "ripple effect"

for any public figure releasing returns before an audit is complete.

"Tax people will pick apart everything," Gregory said. Should outside tax experts call attention to what they think are errors or questionable claims, IRS agents may choose to revisit those items in the audit. And if they agree with the criticism, that could cost Trump more money.

Audits of individual tax returns are rare. Overall, fewer than 1% are audited every year, although the rate is closer to 10% for tax filers with incomes over \$10 million. The [IRS](#) says it expects to conduct 1.2 million individual audits this year, the lowest level in 11 years.

## Why candidates release their tax returns

Federal law prohibits the government from releasing an individual's tax return, but most candidates do so voluntarily. The first was Democratic presidential candidate Adlai Stevenson II in 1952. He chose to release 10 years' of tax returns, after Richard Nixon challenged him to make financial disclosures, said tax historian Joseph Thorndike of Tax Analysts.

But that was a one-off. The transparency trend for candidates' really began years later when [George Romney](#), the father of Mitt Romney, ran for president in 1967 and released 12 years' worth of returns.

Trump's taxes became an issue this week when former Republican presidential nominee Mitt Romney said primary voters are right to be concerned there is a "bombshell" hiding in Trump's returns.

Romney said Trump is either not as wealthy as he claims, hasn't paid the kind of taxes voters would expect him to pay, or hasn't been giving the money to veterans or disabled people as he has said he has.

After the debate Romney tweeted that the audits shouldn't stop Trump from disclosing his returns. Romney said that if Trump wants to wait until the audit is complete he could at least release his earlier returns. He again charged there are bombshells that Trump is hiding.



Trump said he has filed financial statements showing that he is worth more than \$10 billion, and that voters can find out more about his finances from those statements than they can from tax returns.

While tax returns do not offer a view on someone's net worth because there are plenty of assets that don't have to be reported on one's 1040, they do offer a window into how someone conducts his financial life, Thorndike said.

Ideally, he believes, a candidate should release 5 years' worth of returns to give some recent context to their financial life. For the sake of transparency, Thorndike said, they should release their full returns, complete with all attached schedules. That's because those schedules include details behind the top-line numbers, such as the specific deductions candidates took, the names of the charities they support, how much income they receive from different sources, and so on.

During the debate, Sen. Marco Rubio said he would be releasing his returns either Friday or Saturday, while Sen. Ted Cruz said he has already released five years of returns -- which he did while running for Senate -- and would release two more years on Friday.

As for the Democratic candidates in the race, Hillary Clinton has already [released her returns](#) from the

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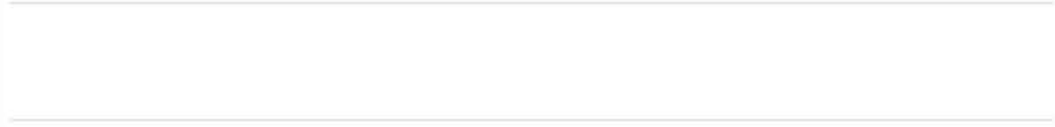
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past eight years, and Bernie Sanders has released excerpts from his 2014 tax return.

-- CNN's *Christine Romans* contributed to this report.

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