

Newt Gingrich

2010 Tax Return

Analyzed by Senior Tax Partner James S. LaHam CPA, CSP

BERMAN HOPKINS WRIGHT & LAHAM, CPAS AND ASSOCIATES, LLP

| <u>INCOME</u> | <u>Amount</u> | <u>Tax Rate</u> | <u>Tax</u> |
|-------------------------------|-------------------------------|-----------------------------|-----------------------------|
| Wages | \$450,245 | 35% | \$157,586 |
| Pensions | \$76,200 | 35% | \$26,670 |
| Tax Exempt Interest | \$10,754 | 0% | \$0 |
| Interest | \$26,655 | 35% | \$9,329 |
| Dividends- NonQual | \$5,902 | 35% | \$2,066 |
| Dividends- Qual. | \$5,990 | 15% | \$899 |
| State Tax Refunds | \$33,124 | 35% | \$11,593 |
| Business Income | \$41,067 | 35% | \$14,373 |
| Short Term Capital Gain | (\$3,000) | 35% | (\$1,050) |
| Long Term Capital Gain | \$0 | 15% | \$0 |
| Gingrich Holdings | \$2,525,683 | 35% | \$883,989 |
| Total Income/Tax | \$3,172,620 | | \$1,105,455 |
| <u>DEDUCTIONS/CREDITS</u> | | | |
| Alimony Paid | (\$19,800) | 35% | (\$6,930) |
| Charitable | (\$81,133) | 35% | (\$28,397) |
| State Income Tax | (\$122,844) | 35% | (\$42,995) |
| Home Interest | \$0 | 35% | \$0 |
| Real Estate Taxes | (\$14,078) | 35% | (\$4,927) |
| Interest Expenses | (\$40) | 35% | (\$14) |
| Investment Expense | \$0 | 35% | \$0 |
| Exemptions | (\$7,300) | 35% | (\$2,555) |
| Alternative Minimum Tax | \$0 | 100% | \$0 |
| Tax Credits & Other | - | 100% | (\$29,935) |
| Total Deductions | (\$245,195) | | (\$115,753) |
| Taxable Income | <u>\$2,916,671</u> | Total Tax | <u>\$989,702</u> |
| | | Overall Tax Rate | <u>31.20%</u> |

Observation & Analysis

1. Newt's tax return is pretty straight forward with wages, interest, dividends, pensions, and income from his S-corporation—a very typical tax return for many Americans.
2. Newt must have a relatively modest residence based on his \$11,656 of real estate taxes paid, though, there was no mortgage interest reported on his return.
3. Newt is not overly charitable, with \$81,133 or about 2.5% of his income going to charities.
4. Newt's effective tax rate is 31.2%. In a pure 15% flat tax environment, he would cut his tax by more than one half of the \$989,702 that he paid.
5. Newt paid \$8,505 to prepare his tax return. Our firm could certainly cut him a better deal.
6. It appears the Gingrich's are playing by the rules.