

Mitt Romney

2010 Tax Return

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<u>INCOME</u>	<u>Amount</u>	<u>Tax Rate</u>	<u>Tax</u>
Wages	\$0	35%	\$0
Pensions	\$0	35%	\$0
Tax Exempt Interest	\$557	0%	\$0
Interest	\$3,295,727	35%	\$1,153,504
Dividends- NonQual	\$1,595,670	35%	\$558,485
Dividends- Qual.	\$3,327,678	15%	\$499,152
State Tax Refunds	\$553,426	35%	\$193,699
Business Income	\$579,159	35%	\$202,706
Short Term Capital Gain	\$456,021	35%	\$159,607
Long Term Capital Gain	\$12,118,710	15%	\$1,817,807
Rental & Partnership Gain/(Loss)	(\$279,884)	35%	(\$97,959)
Total Income/Tax	\$21,646,507		\$4,487,000
DEDUCTIONS/CREDITS			
Charitable-Church	(\$1,525,167)	35%	(\$533,808)
Charitable-Private Foundation	(\$1,458,807)	35%	(\$510,582)
State Income Tax	(\$672,590)	35%	(\$235,407)
Home Interest	\$0	35%	\$0
Real Estate Taxes	(\$226,356)	35%	(\$79,225)
Interest Expenses	(\$51,444)	35%	(\$18,005)
Investment Expense	(\$584,776)	35%	(\$204,672)
Exemptions	(\$7,300)	35%	(\$2,555)
Alternative Minimum Tax	-	100%	\$232,989
Tax Credits & Other	-	100%	(\$159,565)
Total Deductions	(\$4,526,440)		(\$1,510,830)
Taxable Income	\$17,120,067	Total Tax	\$2,976,170
		Overall Tax Rate	<u>13.75%</u>

Observations & Analysis

- Mitt does very well for himself. He really doesn't need the job for financial reasons.
- The analysis clearly shows where the tax benefits are in our tax system:
 - Dividend income is taxed at 15%
 - Municipal bond interest is tax free
 - Long Term Capital gains are taxed at 15%
 - Charitable contributions reduce taxes by 35%, or your lower tax rate
 - Real Estate taxes reduce taxes by 35%, or your lower tax rate
 - State Income Taxes reduce taxes by 35%, or your lower tax rate
 - Interest Expenses reduce taxes by 35%, or your lower tax rate
 - Personal exemptions reduce taxes by 35%, or your lower tax rate
- The Romney's got socked with about \$230,000 of the dreaded AMT tax in 2010 & 2011.
- Romney had \$2,215,267 of economic losses in 2010 he could not take because of the "complicated" passive loss rules.
- Romney gave about \$1,700,000 in 2010 and \$2,600,000 in 2011 to his church
- The Romney's used an effective and common charitable giving strategy of giving appreciated securities directly to his foundation—eliminating the tax on the gain.
- Romney's effective tax rate of just under 14% would be close to what he would pay in a "pure, no deductions flat tax environment of 15%."
- At 203 pages, this return is by far the most complex of all the candidates—including foreign based investments, reportable transactions and a host of various other complications.
- The Romney's are playing by the rules, and appear to have honestly paid all that was due to the IRS—\$3 million in 2010 and \$3.3 million in 2011 (pending).
- The Romney's must have a really nice residence based on the \$226,356 he paid in real estate taxes
- Ironically, the basic elements of Romney's return (obviously not the magnitude) are very similar to tax returns of many of our clients.
- Mitt Romney's clearly a magnificent financial success story—a tribute to the American capitalism model.