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almost \$300,000 in federal taxes on approximately \$985,000 of adjusted gross income (AGI), resulting in a relatively high effective tax rate of 29.5%.

Sep. 30, 2020



Just ahead of the first presidential debate, former Vice President Joe Biden released his own [2019 income tax returns](#), as per the custom of recent presidential candidates. Although Biden's returns aren't as newsworthy as Trump's returns, they provide some interesting insights.

According to [reports](#) from the *New York Times*, the individual income tax returns filed

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high effective tax rate of 29.5%. Biden has been in the national spotlight for about a quarter of century and has now released 22 years of returns for public inspection.

By way of comparison, the *New York Times* report, which Trump has claimed is inaccurate, indicates that Trump personally hasn't paid any individual income tax in many of the recent years and just \$750 in 2016 and 2017, mostly due to losses suffered in his business enterprises. *[Editor's note: CPA Practice Advisor has not had access to President Trump's income tax returns and cannot comment as to the accuracy of the New York Times report.]*

The Bidens' 2019 individual income tax return includes salaries from the S corporations that the former vice president set up for the purpose of receiving income earned from books and speeches. For 2017 and 2018, the S corporations generated more than \$13 million in profits and paid the couple less than \$800,000 in wages. In 2019, the Bidens' S corporations netted approximately \$229,000 in profits and paid about \$309,000 in wages. Because of its nature, additional pass-through income in the form of distributions from the S corporations avoids the 3.8 percent net investment income tax which was enacted during the Obama administration, and some [controversy](#) has arisen in the press over this issue.

The Bidens received substantial income from a range of sources in 2019, including the University of Pennsylvania, where Joe has established a diplomacy center, and Northern Virginia Community College where Jill served as an English professor. Joe Biden also benefits from a federal pension (\$160,908 in 2019) for his years in public service. The Bidens reported \$52,595 in Social Security income. The couple reported \$7,546 in interest income and zero income from dividends or capital gains.

The couple itemized deductions on their 2019 return and reported charitable donations of nearly \$15,000, including contributions made to religious organizations such as the church in Delaware where they commonly attend mass.

Notably, the Bidens were limited to the maximum \$10,000 deduction for state and

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The CPA firm of Gelman Rosenberg and Friedman in Bethesda, MD, prepared the tax returns for the Bidens.

In conjunction with the disclosure of the Bidens' tax returns, Democratic vice presidential candidate Kamala Harris also released her 2019 joint returns filed with her husband Doug Emhoff, an attorney. Vice President Mike Pence hasn't released any further returns since the 2016 presidential campaign. The vice presidential candidates are set to square off in a debate on October 7.

Expect to hear more about taxes—including the respective returns of the candidates—as the presidential race moves into the homestretch.

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