



Written by [R. Cort Kirkwood](#) on September 25, 2012

## Letter From Tax Firm Shows Reid Lied About Romney

The proof is finally in that Sen. [Harry Reid](#), the Democrat Majority Leaders, lied when [he said](#) GOP candidate [Mitt Romney](#) did not pay federal income for at least a decade.

[PricewaterhouseCoopers \(PwC\)](#) says the [Republican presidential candidate](#) paid the taxes he owed. And PwC sent a letter to Romney, at the candidate's request, explaining how it is in a position to know: the company calculated the millionaire businessman's taxes from 1990 to 2009.



The letter is a direct refutation of Reid's charges, which the Obama [presidential campaign repeated](#), slyly, in an advertisement knocking the Republican contender for "tax havens" and other shady tax dodges.

As yet, Reid [has not apologized](#) for lying about Romney.

### The Letter

[According to](#) PwC, the company "has prepared your annual federal and state income tax returns for each year during the twenty year period 1990 — 2009. We signed each return as preparer in accordance with all applicable professional standards."

PwC reported that "each year during the period there were federal and state income taxes owed. That is, there were no years during the period in which you did not owe both federal and state income taxes. PricewaterhouseCoopers LLP is not aware of any outstanding income tax amounts for the period owed to the Internal Revenue Service or to any state tax authority."

[The company said](#) Romney's lowest "effective federal personal income tax rate" for any year from 1990 through 2009 was 13.66 percent. As well, Romney paid an average effective rate of 20.2 percent during the 19 years.

The company [also reported](#) rates on state and charitable deductions, and finished by noting that "total federal income taxes owed, total state income taxes reported, and total donations deducted during the period represent 38.49% of your total adjusted gross income for the period."

### What Reid Said

Reid began his campaign of character assassination during the summer. In July, [he attacked](#) Romney for betraying the ideal set up by [George Romney](#), the candidate's liberal father. "His father George Romney, set the precedent that people running for president would file their tax returns and let everybody look at them. But Mitt Romney can't do that because he's basically paid no taxes in the prior 12 years."

The Obama campaign [unlimbered its guns](#) on the point in mid-July, noting that candidate Romney "paid less than 15 percent in taxes on \$43 million in income. Makes you wonder if some years he paid any taxes at all. We don't know because Romney has released just one full year of his tax returns. And won't



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release anything before 2010 .... What is Mitt Romney hiding?"

Reid then had in a piece [appearing at](#) the leftist Huffington Post on July 31. Reid claimed that he got the information from an investor in [Bain Capital](#), the investment company Mitt Romney helped found. In that one, he again riffed off George Romney. "His poor father must be so embarrassed about his son," [Reid told](#) Huffington Post, "in reference to George Romney's standard-setting decision to [turn over 12 years](#) of tax returns when he ran for president in the late 1960s."

Saying he had "no problem with somebody being really, really wealthy," Reid sat up in his chair a bit before stirring the pot further. A month or so ago, he said, a person who had invested with Bain Capital called his office.

"Harry, he didn't pay any taxes for 10 years," Reid recounted the person as saying.

"He didn't pay taxes for 10 years! Now, do I know that that's true? Well, I'm not certain," said Reid. "But obviously he can't release those tax returns. How would it look?"

If it were true, it wouldn't look good. Just as critics say Reid's charge didn't look good, particularly given that he relied on the word of an anonymous "Bain investor." Reported Huffington Post, "Tellingly, neither Reid nor his office would reveal who the investor was, making it impossible to verify if the accusation is true. And as his quote makes clear, he's uncertain if the information is accurate."

Reid [took](#) the floor of the Senate again on Aug. 2, leveling the same charge. Romney has "refused to release his tax returns, as we know. If a person coming before this body wanted to be a cabinet officer, he couldn't be if he did the same refusal that Mitt Romney does about tax returns. So, the word's out that he hasn't paid any taxes for 10 years. Let him prove that he has paid taxes, because he hasn't."

Reid continued, [releasing a statement](#) on Aug. 12: "I was told by an extremely credible source Romney has not paid taxes for ten years. People who make as much money as Mitt Romney have many tricks at their disposal to avoid paying taxes."

Reid again called upon Romney to release his tax returns.

## **Media Declared The Lie a Lie**

Before Romney released the letter from PwC, the media had flatly stated Reid was lying.

[According to](#) Politifact.com, "Reid has produced no evidence to back up his claim other than attribution to a shadowy anonymous source. ... Reid has made an extreme claim with nothing solid to back it up. Pants on Fire!"

The *Washington Post* gave Reid's statement of Aug. 2 four Pinocchios on its well-known political lie scale.

[According to](#) the *Post*,

Romney's [2010 return](#) and his estimated [2011 return](#) do show that he paid substantial taxes in those years. In 2010, he earned nearly \$22 million, including \$3 million in taxable interest, nearly \$5 million in dividends and more than \$12 million in capital gains. He reduced his taxes by giving \$3 million in charitable contributions (much of it in appreciated stock, which shielded him from paying additional capital gains).

In other words, this tax return shows a portfolio that is not structured to yield zero taxes. We spoke to a number of tax experts, all of whom said that, given Romney's current portfolio, it was highly



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improbable for Romney to have had 10 years with tax-free returns — though there could have been one or two years with little or no taxes. ...

Still, Reid claims that Romney did not pay taxes for 10 years. Moreover, he claims to base this on information from a Bain investor, without explaining how someone not intimately familiar with Romney's tax situation would know details of his taxes.

We asked a Reid spokesman for more backup information and for the name of a tax expert who could back up Reid's claim but did not receive a response. ...

Tax experts say his claim is highly improbable. Reid also has made no effort to explain why his unnamed source would be credible. So, in the absence of more information, it appears he has no basis to make his incendiary claim.

Moreover, Reid holds a position of great authority in the U.S. Congress. He should hold himself to a high standard of accuracy when making claims about political opponents.

*Photo: Senate Majority Leader Harry Reid of Nevada addresses the Democratic National Convention in Charlotte, N.C., Sept. 4, 2012: AP Images*



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