Money
Where American Dreams still come true.

N E W S

Time & Life Building
Rockefeller Center
New York NY 10020

For immediate release:
Monday, March 14, 1994

CLINTONS MAY OWE $45,000 TO THE IRS, *MONEY* AUDIT REVEALS
Questionable Write-Offs Over 13 Years

An in-depth examination of Bill and Hillary Clinton's federal income tax returns for the years 1980 through 1992 suggests that the First Couple may have underpaid their income taxes by $16,358 over that period--and that their total liability would be $45,411, including Internal Revenue Service interest charges on the under-payment, according to a report in the April issue of **Money** magazine.

Money's nine-week investigation indicates that the Clintons may have committed "three glaring mistakes": 1) though both are sophisticated lawyers, they didn't keep adequate records, 2) they tended to overestimate certain deductions, and 3) they relied far too much on their tax preparer to get everything right.

The Clintons' questionable write-offs over the 13-year period **Money** studied dealt with the couples' charitable contributions; Bill's business expenses as Arkansas governor; Hillary's automobile depreciation; and, most important, the Whitewater real estate development deal that went bad.

(**Money** notes that because the IRS' statute of limitations on audits has expired on returns filed before April 15, 1990, the Clintons would not be legally required to pay most of the $16,358 or any interest unless fraud was found. In addition, the deadline for auditing their 1990 return--on which **Money** spotted a potential $4,145 problem--is this April 15.)

The nation's largest financial publication details each of the potentially troublesome write-offs. The findings:

• **The Clintons appear to have repeatedly overstated their charitable contributions.** Beginning with their 1983 return, the Clintons attached a list--usually handwritten--itemizing and valuing their noncash gifts to charity. They noted things like $30 for three shower curtains, $5 for an electric razor and $40 for running shoes. Based on Goodwill Industries' and the Salvation Army's flexible guidelines, which are sometimes used by IRS auditors, **Money** estimates that the Clintons may have overvalued their noncash contributions by a total of $2,939 from 1983 through '89. The additional tax due: $1,187.

• **They may lack the records needed to back up their biggest Whitewater tax moves.** The Clintons claimed deductions in 1980 and in '84 through '88 totaling $24,154 for interest payments they claim to have made on three separate Whitewater loans. But **Money** says problems with the Clintons' Whitewater-related write-offs could result in $8,441 additional tax due.

Rather than respond directly to 16 written questions delivered to him three working days prior to **Money**'s March deadline, special assistant to the President Bruce Lindsey issued a three-sentence statement, saying in part: "The Clintons believe that they have complied completely with [IRS] requirements that all deductions on their tax returns were appropriate and proper."

-####-

Contact:
Patti Straus 212-522-2695

-FOR A FAX TRANSMISSION OF THE STORY, PLEASE CALL 212-522-1577 AND