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WARREN E. BUFFETT, CHAIRMAN

October 11, 2011

The Honorable Tim Huelskamp
Congress of the United States
House of Representatives
Washington, DC 20515-1601

Dear Congressman Huelskamp:

Thanks for your letter. I'm glad you are looking into tax inequities.

Unfortunately, publishing your tax return or that of other members of Congress would cast no new light on my claim that the ultra rich in many cases are paying less in total taxes (income and payroll taxes paid by them or on their behalf) to the federal government than many of the middle class are paying. I would guess that if you would take line 60 from your 1040, plus payroll taxes paid by you and on your behalf, as a percentage of line 43 – taxable income – your number would be in the 30s just like all of the people in our office except for me. These people make between \$60,000 and \$1 million annually and, year after year, end in the 30s.

It's likely that a very large percentage of Senators and Representatives, as well as their staffs, will be in the 30s as well. Contrast that to the 21.4% enjoyed in 2008 by the 400 highest-income Americans whose income *averaged* \$227 million each (see attached). As you can see, this group saw their incomes more than quintuple to \$90 *billion* since 1992 while their tax rate fell by more than seven percentage points.

What would be useful would be to get more of the ultra rich to publish their returns. After the Wall Street Journal suggested I publish my return, I stated that I would be happy to do so the next morning if their boss –Rupert Murdoch, one of my ultra-rich colleagues – would similarly make his return available. If you could get other ultra rich Americans to publish their returns along with mine, that would

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be very useful to the tax dialogue and intelligent reform. I stand ready and willing – indeed eager – to participate in this exercise (see attached Carol Loomis interview). So far, the WSJ employees have apparently had no luck in getting their boss to participate. Clearly many of the ultra rich are paying even lower percentages than I to the federal government and obtaining their returns should be useful to our legislators in crafting an equitable tax code.

Your letter suggests some doubt as to whether the figures I quoted from my 2010 return were accurate. If you can get any of the ultra rich to release their returns simultaneously with mine, I will be willing to have a pre-release wager with anyone who wishes for any sum that they wish that the figures in my return will be exactly those used in my op-ed piece. To be specific, my adjusted gross income (line 37) was \$62,855,038, my taxable income (line 43) was \$39,814,784 and my federal income tax (line 60) was \$6,923,494. In addition, my payroll taxes were \$15,300. There are at least several Kansas taxpayers with incomes exceeding mine and it would be helpful to your analysis if you would obtain comparable figures from them.

I hope you succeed in getting the ultra rich – who, as a group, are paying less of their income to the federal government than their receptionists – to share in the sacrifice many millions of other Americans will soon be asked to do. Having the “favored 400” make their tax returns public – even if only code letters were attached to the various returns – would be a big step in informing legislators and the public of what needs to be done.

Sincerely,



Warren E. Buffett

WEB/db

I'm not supposed to mention it here, but the Forbes 400 just came out. (Laughter.) And the aggregate wealth of the Forbes 400 this year was over \$1.5 trillion. That's up sevenfold in the last 25 years from 200 million roughly 25 years ago. That is not what the American public has experienced. So, the disparity has grown wider and wider in this country. And we're going to talk about shared sacrifice. We're going to go to the American public and say we've got a \$1.2 trillion difference between receipts and expenditures, so we're going to ask something from all of you. We're going to ask people to give up some promises that have been made to them in the past that are going to have to be modified in the future. We're going to ask 300 million Americans, plus, to tighten their belts one way or another and help us get our fiscal house in order, and to ask them something like that when the super rich in many cases are paying 20 points less to taxes to the federal government I think is just plain wrong.

It doesn't solve our budget problem. What I suggest would probably raise about \$20 billion annually from about 50,000 people. But \$20 billion is \$1,000 each to 20 million families. And if I've got a choice of getting \$1,000 from 20 million families throughout this country that are already struggling, or getting \$20 billion by asking people to pay taxes in the range of the 30s just like everybody else is in this country, I'd rather go to the ultra rich.

CAROL LOOMIS: Well, one of the centers of criticism has been the Wall Street Journal's editorial page.

WARREN BUFFETT: Oh, really? (Laughter.)

CAROL LOOMIS: And they've asked you to give them your income tax statement.

WARREN BUFFETT: Yeah.

CAROL LOOMIS: What do you think about that?

WARREN BUFFETT: Well, I think it might be a terrific idea if they would just ask their boss, Rupert Murdoch, and he and I will meet at Fortune and we'll both give you our tax returns, and you can publish them. (Applause.)

CAROL LOOMIS: We like it. We like it. (Laughter.)

WARREN BUFFETT: I'm ready tomorrow morning.

CAROL LOOMIS: I'm sure there may be other questions about that later. But let's talk for a moment about Europe. Now, if I'm --

Table 1 -- Selected Items for Taxpayers with the Top 400 Adjusted Gross Income (AGI), 1992-2008 [1] -- Continued
 [Money amounts are in thousands of dollars]

Tax year	Income tax						Average tax rate
	Number of returns in the top 400	Amount	Average	In 1990 dollars [4]	Total for all returns	Top 400 returns' percent of total	Percent
	(172)	(173)	(174)	(175)	(176)	(177)	(178)
1992.....	400	4,936,897	12,342	4,601,023	476,238,785	1.04	26.38
1993.....	400	5,437,295	13,593	4,916,180	502,787,806	1.08	29.35
1994.....	400	5,275,239	13,188	4,651,887	534,856,339	0.99	28.57
1995.....	400 **	6,088,571	15,221	5,221,759	588,419,030	1.03	29.93
1996.....	400 **	8,309,376	20,773	6,924,480	658,244,750	1.26	27.81
1997.....	400 **	8,991,855	22,480	7,322,358	731,321,399	1.23	24.16
1998.....	400	9,731,299	24,328	7,760,206	788,541,979	1.23	22.02
1999.....	400 **	11,900,254	29,751	9,333,533	877,401,489	1.36	22.23
2000.....	400 **	15,507,223	38,768	11,765,723	980,645,201	1.58	22.29
2001.....	400	11,981,382	29,953	8,842,349	887,973,968	1.35	22.85
2002.....	400 **	9,522,648	23,807	6,920,529	796,986,268	1.19	22.88
2003.....	400 **	10,250,277	25,626	7,280,026	748,017,488	1.37	19.53
2004.....	400 **	12,550,332	31,376	8,685,351	831,976,333	1.51	18.16
2005.....	400 **	15,599,966	39,000	10,441,744	934,835,769	1.67	18.23
2006.....	400	18,086,563	45,216	11,729,288	1,023,920,139	1.77	17.17
2007.....	400 **	22,924,540	57,311	14,454,313	1,115,601,803	2.05	16.62
2008.....	400 **	19,593,085	48,983	11,896,226	1,031,580,923	1.90	18.11

[1] The definitions for items used in the table can be found in Publication 1304, *Statistics of Income Individual Income Tax Returns*, Section 4, at the following link: <http://www.irs.gov/pub/irs-soi/08irssec4.pdf>.

[2] The total number of returns does not include the returns filed by individuals to only receive the economic stimulus payment and who had no other reason to file.

[3] For Tax Year 2008 returns to represent a comparable percentage of total returns to Tax Year 1992, the data would consist of the top 502 returns.

For these 502 returns, the AGI cutoff for the top 502 was \$93,533,000.

[4] Inflation-adjusted data were calculated using the consumer price index from Bureau of Labor Statistics, based on 1990=100.

[5] For Tax Year 2003, qualified dividends totaled \$3,321,254 of the dividends amount. For Tax Year 2004, qualified dividends totaled \$7,409,969 of the dividends amount.

For Tax Year 2005, qualified dividends totaled \$4,930,549 of the dividends amount. For Tax Year 2006, qualified dividends totaled \$6,253,127 of the dividends amount.

For Tax Year 2007, qualified dividends totaled \$7,484,608 of the dividends amount. For Tax Year 2008, qualified dividends totaled \$8,159,367 of the dividends amount.

[6] For Tax Years 2003, 2004, 2005, and 2006 includes qualified dividends.

[7] This research credit was before any limitation for tax or alternative minimum tax. The research credit after these limitations were applied was included in the general business credit totals.

** Return frequency rounded to protect the confidentiality of tax return information.

21.5

$$\begin{array}{r}
 9094 \overline{) 19593} \\
 \underline{18188} \\
 1405
 \end{array}$$

29

$$\begin{array}{r}
 1689 \overline{) 49369} \\
 \underline{3378} \\
 15589
 \end{array}$$

201

Tax year	Taxable income					
	Number of returns in the top 400	Amount	Average	In 1990 dollars [4]	Total for all returns	Top 400 returns' percent of total
	(130)	(131)	(132)	(133)	(134)	(135)
1992.....	400	16,883,751	42,209	15,735,090	2,395,695,907	0.70
1993.....	400 **	16,277,681	40,694	14,717,614	2,453,542,706	0.66
1994.....	400 **	16,229,104	40,573	14,311,380	2,597,980,066	0.62
1995.....	400	18,040,169	45,100	15,471,843	2,813,826,386	0.64
1996.....	400 **	26,284,026	65,710	21,903,355	3,089,667,389	0.85
1997.....	400	32,961,052	82,403	26,841,247	3,429,109,165	0.86
1998.....	400	39,144,688	97,862	31,215,860	3,780,838,200	1.04
1999.....	400 **	47,165,706	117,914	36,992,711	4,136,119,714	1.14
2000.....	400 **	60,219,004	150,548	45,689,684	4,544,242,424	1.33
2001.....	400 **	44,536,876	111,342	32,868,543	4,268,506,425	1.04
2002.....	400 **	35,966,789	89,917	26,138,655	4,096,127,651	0.88
2003.....	400 **	45,421,173	113,553	32,259,356	4,200,218,439	1.08
2004.....	400 **	59,104,404	147,761	40,902,702	4,670,165,637	1.27
2005.....	400 **	73,437,178	183,593	49,154,737	5,137,165,874	1.43
2006.....	400 **	88,980,271	222,451	57,704,456	5,579,145,443	1.59
2007.....	400 **	118,496,337	296,241	74,713,958	6,063,263,892	1.95
2008.....	400 **	90,944,795	227,362	55,218,455	5,652,925,474	1.61

Footnotes at end of the table.