



Congress of the United States
House of Representatives
Washington, DC 20515-1403

March 25, 2021

President Joseph R. Biden
The White House
1600 Pennsylvania Ave. NW
Washington, D.C. 20500

Dear President Biden:

We write to highlight for the American people the hypocrisy you have exhibited in using a tax shelter strategy derided by the Left to avoid paying Obamacare taxes. Over the past several years, you and the First Lady, through a legally dubious tax strategy, appear to have avoided payment of over \$500,000 in payroll taxes. As you may know, these payroll taxes fund Medicare for our nation's seniors, and were increased by President Obama's Affordable Care Act.

Your 2017, 2018, and 2019 tax returns show that you and the First Lady sheltered over \$13 million of income in two S-corporations: the CelticCapri Corporation, and the Giacoppa Corporation.¹ Press reports indicate that you both directed revenue from book royalties and speaking appearance fees into these two corporations, avoiding self-employment payroll tax liabilities that would have flowed to America's Medicare program that provides care to over 60 million seniors.²

Tax experts have questioned the propriety of diverting funds raised from one's own intellectual property through an S-corporation. One accountant interviewed by *The Wall Street Journal* said that "there's no reason for these [earnings] to be in an S-corp—none, other than to save on self-employment tax."³ An analyst from the Tax Policy Center said that "to treat those [book and speech earnings] as other than compensation is pretty aggressive."⁴ Even your own failed OMB nominee, Neera Tanden, while she was running the Center for American Progress, described this practice as a "loophole."

Your hypocrisy is highlighted by the fact that Medicare faces significant funding shortfalls. Just this year, the Congressional Budget Office estimated its Hospital Insurance Trust Fund will face

¹ 2017 through 2019 tax returns of Joseph R. and Jill T. Biden, <https://s.wsj.net/public/resources/documents/Biden2017AmendedFederalTaxReturn.pdf>, <https://s.wsj.net/public/resources/documents/Biden2018AmendedFederalTaxReturn.pdf>, and <https://joebiden.com/wp-content/uploads/2020/09/2019-Biden-Delaware-Virginia-Federal-3.pdf>.

² Richard Rubin, "Biden Used Tax-Code Loophole Obama Tried to Plug," *The Wall Street Journal* July 10, 2019, <https://www.wsj.com/articles/joe-biden-used-tax-code-loophole-obama-tried-to-plug-11562779300>.


³ Ibid.

⁴ Ibid.

insolvency in the middle of Fiscal Year 2026—roughly five years from now.⁵ Moreover, during your presidential campaign, you repeatedly said “Obamacare is personal to me.” And, your administration has sought to expand Obamacare wherever possible. Yet, you and your wife avoided paying over \$121,000 in Obamacare payroll taxes.⁶ Your hypocrisy in this regard undermines any basis for your claims that you truly care for those in our country dealing with chronic health conditions.

Accordingly, we ask one simple question: Do you intend to undo your hypocrisy and pay these funds back to the American people?

Sincerely,



Rep. Jim Banks (IN-03)
Chairman, Republican Study Committee

⁵ Congressional Budget Office, “The Budget and Economic Outlook: 2021 to 2031” February 11, 2021, <https://www.cbo.gov/publication/569170>, 10-year Trust Fund Projections

⁶ See for instance “Personal,” Biden for President, September 3, 2020, <https://www.youtube.com/watch?v=4WMRz5fmgIw>.