

United States Senate

WASHINGTON, DC 20510

January 20, 2025

Scott Bessent
Secretary Nominee, U.S. Department of Treasury
Trump-Vance Transition Team
P.O. Box 509
Arlington, VA 22216

Dear Mr. Bessent:

We write to ask that you take additional steps to address reports of issues with your tax returns in the three years prior to your nomination by President Trump to be Secretary of the Treasury. These reports indicate that Senate Finance Committee staff reviews of your tax returns in advance of your nomination hearing revealed that you used loopholes and write offs—in direct conflict with Treasury Department policy and U.S. Tax Court rulings—to avoid paying nearly \$2 million in taxes.¹ If confirmed, you will serve as the 79th Secretary of the Treasury, where you would oversee implementation of our country’s tax laws.² However, the Senate Finance Committee staff review reportedly suggests that you have not followed U.S. tax rules and have refused to amend your tax returns when presented the opportunity.³

You cannot effectively serve as Treasury Secretary with the cloud of tax avoidance hanging over your head. To address these concerns, we write to ask that—if you are confirmed—you act to bolster public confidence in your leadership of the Treasury Department. You should take four actions to address your tax problems: (1) release your tax returns to provide public confidence that you are following tax laws; (2) voluntarily submit to an IRS audit of your last five years of tax returns, and any returns filed while you are Treasury Secretary; (3) recuse yourself from any Treasury Department discussions related to the issues raised by your tax returns; and (4) commit to supporting ongoing enforcement efforts against wealthy tax cheats.

You reportedly avoided paying nearly \$1 million in Medicare taxes on your hedge fund earnings over the course of three years by reporting on your tax returns that you were a “limited partner” in the hedge fund you founded, the Key Square Group.⁴ This allowed you to avoid paying Self-Employed Contributions Act (SECA) taxes—Medicare self-employment taxes that apply to

¹ Politico, “Senate Democrats circulating memo alleging Bessent tax dodges,” Benjamin Guggenheim, January 15, 2025, <https://www.politico.com/news/2025/01/15/senate-democrats-memo-scott-bessent-tax-dodges-00198567>.

² U.S. Department of the Treasury, “Duties and Functions,” <https://home.treasury.gov/subfooter/faqs/duties-and-functions-faqs>.

³ Politico, “Senate Democrats circulating memo alleging Bessent tax dodges,” Benjamin Guggenheim, January 15, 2025, <https://www.politico.com/news/2025/01/15/senate-democrats-memo-scott-bessent-tax-dodges-00198567>.

⁴ NBC News, “Treasury pick Scott Bessent and Trump transition team deny allegations that he avoided taxes,” Kate Santaliz, January 16, 2024, <https://www.nbcnews.com/politics/congress/live-blog/senate-confirmation-hearings-trump-transition-live-updates-rcna186869/rcrd68705?canonicalCard=true>.

business owners who actively participate in running their business.⁵ Given your level of involvement and percentage ownership of Key Square Group, it appears you were in fact “actively involved” in the activities of your hedge fund, making your avoidance of SECA tax a violation of Treasury Department and Internal Revenue Service (IRS) policy and U.S. Tax court rulings.⁶

Reports indicate that you also claimed nearly \$2 million in losses from your publishing firm, All Seasons Press (ASP),⁷ potentially reducing your tax liability by over \$800,000, without substantiating your losses for the Committee.⁸ In both 2021 and 2023, you claimed that you were active in ASP—allowing you to use its losses to reduce your taxable income from other sources.⁹ However, you claimed no active involvement in 2022, and an ASP press release stated that you had “little involvement” in the operations of ASP in 2023,¹⁰ raising questions about whether the claims on your tax return were accurate.

Finally, reports indicate that Senate Finance Committee’s review of your tax returns also raised concerns about a \$500,000 bad business debt deduction—which may have saved you another \$185,000 at the top income tax rate.¹¹ You also utilized a pass-through business to evade the state and local tax deduction (SALT) cap of \$10,000.¹²

You were reportedly given the opportunity to amend your tax returns in light of these findings, but refused to make any amendments to address these issues.¹³

Your tax avoidance represents a serious problem: the Treasury Secretary is one of the President’s top economic and tax advisers, and the Department is responsible for revenue collection—primarily through the tax code.¹⁴ You cannot credibly serve as Treasury Secretary without the

⁵ *Id.*; Social Security Administration, “What are FICA and SECA taxes?” January 2, 2025, <https://www.ssa.gov/faqs/en/questions/KA-02375.html#:~:text=The%20self%20Employed%20pay%20Self,tax%20as%20a%20business%20expense>.

⁶ NBC News, “Treasury pick Scott Bessent and Trump transition team deny allegations that he avoided taxes,” Kate Santalizi, January 16, 2024, <https://www.nbcnews.com/politics/congress/live-blog/senate-confirmation-hearings-trump-transition-live-updates-rcna186869/rcrd68705?canonicalCard=true>.

⁷ Politico, “Senate Democrats circulating memo alleging Bessent tax dodges,” Benjamin Guggenheim, January 15, 2025, <https://www.politico.com/news/2025/01/15/senate-democrats-memo-scott-bessent-tax-dodges-00198567>.

⁸ Based on the top individual income rate of 37% plus the 3.8% Net Investment Income Tax.

⁹ Roll Call, “Democrats: Bessent avoided Medicare tax on hedge fund earnings,” Caitlin Reilly, January 15, 2025, <https://rollcall.com/2025/01/15/democrats-bessent-avoided-medicare-tax-on-hedge-fund-earnings/>.

¹⁰ All Seasons Press, press release, November 9, 2023, <https://static1.squarespace.com/static/624f669a9fef7806eb6fd411/t/654cde0195a1e25563326b1b/1699536386052/All+Seasons+Press+Prevails+in+Dispute+with+Author+Lee+Smith.pdf>.

¹¹ Roll Call, “Democrats: Bessent avoided Medicare tax on hedge fund earnings,” Caitlin Reilly, January 15, 2025, <https://rollcall.com/2025/01/15/democrats-bessent-avoided-medicare-tax-on-hedge-fund-earnings/>; Based on the top individual income rate of 37% plus the 3.8% Net Investment Income Tax.

¹² Roll Call, “Democrats: Bessent avoided Medicare tax on hedge fund earnings,” Caitlin Reilly, January 15, 2025, <https://rollcall.com/2025/01/15/democrats-bessent-avoided-medicare-tax-on-hedge-fund-earnings/>.

¹³ Politico, “Senate Democrats circulating memo alleging Bessent tax dodges,” Benjamin Guggenheim, January 15, 2025, <https://www.politico.com/news/2025/01/15/senate-democrats-memo-scott-bessent-tax-dodges-00198567>.

¹⁴ Treasury Department, “Role of the Treasury,” <https://home.treasury.gov/about/general-information/role-of-the-treasury>.

ability to assure the public that you are willing to follow and live by the same tax laws as every other American. We therefore ask that—if you are confirmed as Treasury Secretary—you take the following four actions to reassure the American public regarding your commitment to follow the law:

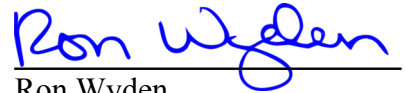
1. Voluntarily submit to an IRS audit of your previous five years of taxes, and all tax filings during your time as Secretary.
2. Make your tax filings public, with redactions to protect confidential or sensitive personal information.
3. Recuse yourself from any Treasury Department discussion or decision related to the subjects of these concerns, including SECA, interpretations of limited partner status, passive losses and material participation, and pass-through entities used to deduct state and local taxes.
4. Commit to supporting the continuation of IRS enforcement initiatives focused on complex partnerships, large corporations and high-income, high-wealth individuals.

We ask that you provide us with a written commitment to these actions prior to any Senate Finance Committee vote on your nomination.

Sincerely,



Elizabeth Warren
United States Senator



Ron Wyden
United States Senator



Sheldon Whitehouse
United States Senator