Bezos May Have Trouble Securing Tax Benefits With WaPo

by Frank L. Brunetti on August 21, 2013

Amazon.com founder and chief executive Jeff Bezos turned some heads when the billionaire decided to purchase the Washington Post for a reported $250 million. While it remains to be seen what direction Bezos will take the newspaper, one thing some experts agree on is that he will need to utilize a hands-on approach with it to make it a viable business once again and reap major tax benefits.

After the announcement, Bezos noted he plans to remain in Seattle, where he continues to oversee many aspects of his online retail giant, meaning he personally won't be working on restructuring WaPo on a day-to-day basis. This, experts told the source, is why tax benefits may elude Bezos.

Congress has passed tax law measures in recent years to ensure that business owners won't be able to secure tax breaks for companies they don't oversee the operations of on a regular basis. Thus, it may behoove Bezos to rethink his position on how he plans to run The Post in the future.

"A lot of it depends on how you count hours ... It's a fair amount of time you have to spend, it's not inconsequential," said CBIZ MHM Managing Director Bill Smith told the news source.

Citing tax rules per the Internal Revenue Service, other tax experts relayed to Reuters that Bezos would likely have to spend somewhere in the neighborhood of 500 hours per year overseeing the newspaper to obtain tax credits.

It's reported that Bezos, who owns 19 percent of Amazon, is worth roughly $25 billion. Another major business venture he's taken on in recent years is space travel. In 2000, shortly after Amazon took off, he founded Blue Origin, a spaceflight company that is working on technologies that would allow private citizens to travel to space.