American Bridge

Trump Policy Brief: Trump's 100th Day Tax "Plan"

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TRUMP'S 100TH DAY TAX "PLAN"

Desperate to produce a tax reform plan by Trump's 100th day in office, the White House released a one-page, double spaced tax "plan" that included broad ideas for individual and business tax reforms. The plan was short on detail, but two themes were clear: the deficit would explode, and Trump and other wealthy taxpayers would benefit.

- ✓ Trump's plan called for reducing the number of tax brackets from 7 to 3, and reducing the top tax rate from 39.6% to 35%. The Committee for a Responsible Federal Budget estimated tax bracket consolidation would have a $1.5 trillion impact on the deficit over 10 years. Additionally, some Americans would see their taxes go up as they are forced into higher brackets.

- ✓ Trump's plan would double the standard deduction for both individuals and married couples. A larger standard deduction would incentivize taxpayers against itemizing their deductions. Notably, the mortgage interest deduction would be useless to all but the wealthiest homeowners under this plan, which could cause home values to sink.

- ✓ Trump's plan called for elimination of "targeted tax breaks that mainly benefit the wealthy," but in reality his plan would eliminate tax breaks that benefit large swaths of the country. He would eliminate tax deductions for state and local income taxes, hitting residents of high-tax, heavily-Democratic states particularly hard; tax deductions related to casualty, theft, and job search losses; tax deductions used to offset medical expenses; and tax deductions used for student loan payments, among others.

- ✓ Trump's plan called for elimination of the alternative minimum tax (AMT), designed to ensure ultra-high-earners pay their fair share of income taxes. Eliminating the AMT would add tens of billions of dollars to the federal deficit over ten years, while Trump's own tax burden would drop off a cliff. In 2005, Trump would have paid only $7 million in taxes on $153 million in income if it weren't for the AMT.

- ✓ Trump's plan called for elimination of the estate tax. The estate tax is a tax on multi-million dollar inheritances that affects only a very wealthy fraction of the population. The Trump children, as well as heirs of Trump's cabinet members, stand to gain billions from repeal of the estate tax.

- ✓ Trump's plan called for elimination of the 3.8% net income investment tax created by the Affordable Care Act. Repealing the tax would be an effective reduction in the capital gains rate for high earners, with 90% of the savings going to the top 1% making over $700,000 per year.

- ✓ Trump's plan called for lowering the corporate tax rate and pass-through business tax rates to 15%. Cutting the corporate tax rate to 15% is expected to add trillions to the deficit over ten years. Cutting the rate for pass-through businesses would mean more money in the pockets of lobbyists and hedge fund managers who could restructure themselves into pass-through entities. The most notable beneficiaries would be the Trumps, as the majority of businesses owned by the family are pass-throughs.

Day 97: The White House Released A One-Page, Double-Spaced Tax "Plan" Outlining The Administration's Misguided Priorities

THE TRUMP WHITE HOUSE RELEASED A ONE-PAGE, DOUBLE-SPACED TAX "PLAN" THAT INCLUDED BROAD IDEAS FOR INDIVIDUAL AND BUSINESS TAX REFORMS

April 26, 2017: Trump Proposed A One-Page Tax Plan Outline. According to The New York Times, "President Trump on Wednesday proposed sharp reductions in individual and business income tax rates and a radical reordering of the tax code that would significantly benefit the wealthy, but he offered no explanation of how the plan would be financed as he rushed to show progress before the 100-day mark of his presidency. Mr. Trump's skeletal outline of a tax package, unveiled at the White House in a single-page statement filled with bullet points, was less a plan than a wish list. Treasury Secretary Steven Mnuchin and Gary D. Cohn, the director of Mr. Trump's National Economic Council, laid out the bare bones to reporters, part of a mad dash toward the administration's 100th day on Saturday that has included the resurrection of a health care bill and near-daily signings of executive orders." [New York Times, 4/26/17]

Washington Post: The Outline "Was Less Than 200 Words And Contained Just Seven Numbers." According to The Washington Post, "On Wednesday, Trump issued a one-page outline for changes to the tax code, pinpointing numerous changes he would make that would affect almost every American. […] Despite its brevity — it was less than 200 words and contained just seven numbers — the document marked the most pointed blueprint Trump has presented Congress on any matter." [Washington Post, 4/26/17]

2017 Tax Reform for Economic Growth and American Jobs

The Biggest Individual And Business Tax Cut In American History

Goals For Tax Reform

- Grow the economy and create millions of jobs
- Simplify our burdensome tax code
- Provide tax relief to American families—especially middle-income families
- Lower the business tax rate from one of the highest in the world to one of the lowest

Individual Reform

- Tax relief for American families, especially middle-income families:
  - Reducing the 7 tax brackets to 3 tax brackets of 10%, 25% and 35%
  - Doubling the standard deduction
  - Providing tax relief for families with child and dependent care expenses
- Simplification:
  - Eliminate targeted tax breaks that mainly benefit the wealthiest taxpayers
  - Protect the home ownership and charitable gift tax deductions
  - Repeal the Alternative Minimum Tax
  - Repeal the death tax
- Repeal the 3.8% Obamacare tax that hits small businesses and investment income

Business Reform

- 15% business tax rate
- Territorial tax system to level the playing field for American companies
- One-time tax on trillions of dollars held overseas
- Eliminate tax breaks for special interests

Process

- Throughout the month of May, the Trump Administration will hold listening sessions with stakeholders to receive their input and will continue working with the House and Senate to develop the details of a plan that provides massive tax relief, creates jobs, and makes America more competitive—and can pass both chambers.

[CNN, 4/26/17]

Trump’s Plan Called For Reducing The Number Of Tax Brackets And Lowering The Top Tax Rate

TRUMP’S PLAN CALLED FOR REDUCING THE NUMBER OF TAX BRACKETS FROM 7 TO 3, AND DECREASING THE TOP RATE FROM 39.6% TO 35%

Trump’s Tax Outline Called For Reducing The Number Of Brackets From 7 To 3. According to FOX Business, “The Trump administration unveiled the outline for its comprehensive tax overhaul proposal Wednesday, which included a simplification of the tax code, a cut to individual and corporate rates and the elimination of most tax benefits on the personal side. […] The new proposal calls for the collapse of the current seven-tier bracket system to just three brackets, with a decrease in the top tax rate from 39.6 percent to 35 percent. Previous floated proposals had the top rate at 33 percent. The administration aims to set the other two tax rates at 25 percent and 10 percent, the latter down from an initial 12 percent proposal.” [FOX Business, 4/26/17]

The Proposal Would Decrease The Top Tax Rate By Nearly 12 Percent. According to FOX Business, “The new proposal calls for the collapse of the current seven-tier bracket system to just three brackets, with a decrease in the top tax rate from 39.6 percent to 35 percent. Previous floated proposals had the top rate at 33 percent. The administration aims to set the other two tax rates at 25 percent and 10 percent, the latter down from an initial 12 percent proposal.” [FOX Business, 4/26/17]

ONE ESTIMATE FOUND TRUMP’S BRACKET CONSOLIDATION WOULD HAVE A $1.5 TRILLION IMPACT ON THE DEBT OVER 10 YEARS

The Committee For A Responsible Federal Budget Found Trump’s Consolidation Of Tax Brackets Would Have A $1.5 Trillion Impact On The National Debt Over 10 Years. According to the Committee for a Responsible Federal Budget, Trump’s proposal to “Change rate structure from 10%, 25%, 35%” would have a $1.5 trillion “2027 Debt Impact.” [Committee for a Responsible Federal Budget, 4/26/17]

SOME AMERICANS COULD SEE THEIR TAXES GO UP IF THEY ARE FORCED INTO A HIGHER BRACKET

Trump’s Outline Did Not Specify Which Income Ranges Would Fall Under Each Bracket. According to CNBC, “Trump's plan will cut the number of income tax brackets from seven to three, with a top rate of 35 percent and lower rates of 25 percent and 10 percent. It is not clear what income ranges will fall under those brackets. It would also double the standard deduction.” [CNBC, 4/26/17]

FOX Business: “Some Americans Might See Their Taxes Increase If They Get Bumped Into A Higher Bracket.” According to FOX Business, “Despite the details provided Wednesday, the proposal leaves significant open questions that could affect its impact on taxpayers and the economy. The administration has yet to decide the incomes at which the new personal tax rates — 10 percent, 25 percent and 35 percent —would apply, meaning that some Americans might see their taxes increase if they get bumped into a higher bracket. It also has yet to spell out how the plan would stop wealthier Americans from exploiting a lower corporate rate to reduce their own taxes.” [FOX Business, 4/26/17]

Trump's Plan Would Double The Standard Deduction, Threatening The Financial Benefits Of Home Ownership

TRUMP'S PLAN CALLED FOR DOUBLING THE STANDARD DEDUCTION FOR INDIVIDUALS AND MARRIED COUPLES

President Trump's April 2017 Tax Outline Would Double The Standard Deduction. According to the 2017 Tax Reform for Economic Growth and American Jobs outline issued by the White House, "Tax relief for American families, especially middle-income families: […] Doubling the standard deduction." [White House via CNN, 4/26/17]

The Plan Would Increase The Standard Deduction For Individuals And Married Couples Filing Separately From $6,300 To $12,600. According to Fox Business, "The Trump administration unveiled the outline for its comprehensive tax overhaul proposal Wednesday, which included a simplification of the tax code, a cut to individual and corporate rates and the elimination of most tax benefits on the personal side. […] The plan calls for a sizable increase to the standard deduction Americans can take when filing taxes, potentially allowing taxpayers to keep more of their income – to the tune of a couple thousand dollars. Under the proposal, tax breaks for individuals and married couples filing separately will increase from $6,300 to $12,600." [Fox Business, 4/26/17]

The Plan Would Increase The Standard Deduction For A Married Couple Filing Jointly From $12,700 To Approximately $24,000. According to Fox Business, "The Trump administration unveiled the outline for its comprehensive tax overhaul proposal Wednesday, which included a simplification of the tax code, a cut to individual and corporate rates and the elimination of most tax benefits on the personal side. […] The plan calls for a sizable increase to the standard deduction Americans can take when filing taxes, potentially allowing taxpayers to keep more of their income – to the tune of a couple thousand dollars. […] The standard deduction for a married couple filing jointly will jump from $12,700 to approximately $24,000, 'so that a married couple will not have to pay taxes on the first $24,000 it earns,' said Cohn" [Fox Business, 4/26/17]

A LARGER STANDARD DEDUCTION WOULD INCENTIVIZE TAXPAYERS AGAINST ITEMIZING THEIR DEDUCTIONS

With A Larger Deduction, Many Taxpayers Would Likely Decide Not To Claim Itemized Deductions For Things Like Mortgage Interest Or Charitable Giving. According to the St. Louis Post-Dispatch, "A standard deduction works like this: If a couple filing jointly earns $70,000, they deduct $12,600 from their income, adjusting their income to $57,400. They then would pay taxes on the $57,400 in income, not the $70,000 they earned. Increasing the standard deduction would reduce their taxable income, ensuring that they can keep more of their money. A taxpayer who claims the standard deduction cannot also itemize deductions for items such as mortgage interest or charitable giving. But if the standard deduction is large enough, many would be likely to bypass the itemized deduction." [St. Louis Post-Dispatch, 4/26/17]

The Trump Administration Was Fixated On Limiting Itemized Deductions In Order To Fit Tax Filings On A Postcard

According To Cohn, Doubling The Standard Deduction Would Lead To "Far Fewer Taxpayers" Itemizing Deductions, Allowing Tax Forms To Fit On A Single Page. According to Fox News, "The White House unveiled its tax plan moments ago, proposing to reduce the number of tax brackets from seven to three. The brackets would be 10%, 25% and 35%, while the standard deduction would be doubled so that a married couple would not pay taxes on their first $24,000 of income. 'In essence, we are creating a zero tax rate for the first $24,000 that a couple earns,' said Gary Cohn, director of the National Economic Council. He said this will simplify the process, since 'far fewer taxpayers will need to itemize' deductions, meaning tax forms can be filed on one page." [Fox News, 4/26/17]

Treasury Secretary Steven Mnuchin Said His Goal Was To Fit Tax Filings On A "Large Postcard." According to the St. Louis Post-Dispatch, "The nonpartisan Tax Policy Center estimated last year that if Trump raised the standard deduction as much as he proposed during the campaign, about 27 million of the 45 million tax filers who itemized their tax breaks in 2017 would instead opt to take the standardized deduction, creating a much simpler process. This would also match one of the goals outlined by Treasury Secretary Steven Mnuchin. He has said that filing taxes has become too complicated for many Americans and that his goal would be for many Americans to be able to file their taxes on a 'large postcard.'" [St. Louis Post-Dispatch, 4/26/17]

THIS PLAN WOULD MAKE THE MORTGAGE INTEREST DEDUCTION USELESS TO ALL BUT THE WEALTHIEST HOMEOWNERS, CAUSING HOME VALUES TO "PLUMMET"

Only Homeowners Whose Mortgage Interest Exceeded The Standard Deduction – $24,000 For Couples Under Trump's Plan – Would Be Incentivized To Use The Mortgage Interest Deduction

The National Association Of Realtors Criticized The Proposed Increased In The Standard Deduction For Undermining The Value Of The Mortgage-Interest Deduction. According to the Palm Beach Post, "President Donald Trump on Wednesday unveiled a proposal to cut income-tax rates for individuals and corporations, simplify the tangled thicket of tax brackets and nearly double the standard deduction for married couples. […] House and Senate Republican leaders offered guarded praise of the plan, and the National Association of Realtors panned the increase in the standard deduction for undermining the already-fading value of the mortgage-interest deduction. Democrats are gearing up for a fight, too." [Palm Beach Post, 4/26/17]

With A Higher Standard Deduction, Itemizing Mortgage Interest Would Only Benefit Affluent Homeowners With Expensive Mortgages. According to the Palm Beach Post, "In one contentious part of his plan, Trump would double the standard deduction for married couples to $24,000, while keeping deductions for charitable giving and mortgage-interest payments. However, in an era of rock-bottom interest rates, relatively few homeowners pay enough mortgage interest to gain a significant benefit from the mortgage-interest deduction. Say you bought a $400,000 house in January and borrowed $320,000 with a 30-year mortgage at 4 percent. In 2017, you'll pay interest totaling $11,648, a sum less than the standard deduction. If the deduction were to increase to $24,000, only the most affluent borrowers would get a tax break from carrying a mortgage." [Palm Beach Post, 4/26/17]

Bankrate: Only "People With The Biggest Home Loans" Would Use The Mortgage Interest Deduction Under Trump's Plan. According to Bankrate, "The mortgage interest deduction would survive under President Donald Trump's tax reform plan. But fewer homeowners would use it. The reason is that the standard deduction would be almost doubled, leaving the mortgage interest deduction only for homeowners who pay the most interest. Those are the people with the biggest home loans." [Bankrate, 4/26/17]

According To National Association Of Realtors President William Brown, Home Values Could "Plummet" Under An Increased Standard Deduction

National Association Of Realtors President William Brown: "Current Homeowners Could Very Well See Their Home's Value Plummet And Their Equity Evaporate If Tax Reform Nullifies Or Eliminates The Tax Incentives They Depend Upon." According to the Palm Beach Post, "In one contentious part of his plan, Trump would double the standard deduction for married couples to $24,000, while keeping deductions for charitable giving and mortgage-interest payments. However, in an era of rock-bottom interest rates, relatively few homeowners pay enough mortgage interest to gain a significant benefit from the mortgage-interest deduction. […] 'Current homeowners could very well see their home's value plummet and their equity evaporate if tax reform nullifies or eliminates the tax incentives they depend upon, while prospective homebuyers will see that dream pushed further out of reach,' National Association of Realtors President William Brown said in a statement."

- **According To Brown, Doubling The Standard Deduction Could Put The Goal Of Purchasing A Home "Further Out Of Reach" For Prospective Homebuyers."** According to the Palm Beach Post, "In one contentious part of his plan, Trump would double the standard deduction for married couples to $24,000, while keeping deductions for charitable giving and mortgage-interest payments. However, in an era of rock-bottom interest rates, relatively few homeowners pay enough mortgage interest to gain a significant benefit from the mortgage-interest deduction. […] 'Current homeowners could very well see their home's value plummet and their equity evaporate if tax reform nullifies or eliminates the tax incentives they depend upon, while prospective homebuyers will see that dream pushed further out of reach,' National Association of Realtors President William Brown said in a statement."

Trump's Plan Called For Elimination Of "Targeted Tax Breaks" That Would Leave Many Americans Owing More Each Year

TRUMP'S PLAN CALLED FOR ELIMINATION OF "TARGETED TAX BREAKS," WHICH MNUCHIN SAID WOULD APPLY TO ALL EXCEPT THOSE RELATED TO HOME OWNERSHIP AND CHARITABLE GIVING

President Trump's Tax Outline Proposed Eliminating "Targeted Tax Breaks That Mainly Benefit The Wealthiest Taxpayers." According to the 2017 Tax Reform for Economic Growth and American Jobs outline released by the White House, "Eliminate targeted tax breaks that mainly benefit the wealthiest taxpayers." [White House via CNN, 4/26/17]

Treasury Secretary Mnuchin Said The Plan Would Eliminate All Individual Tax Deductions Except Those Related To Homeownership And Charitable Contributions. According to The Washington Post, "The White House unveiled a broad outline Wednesday for a dramatically simpler tax code that could lead to lower tax bills for many ordinary taxpayers but also eliminate many of the tax deductions that Americans currently claim. […] All individual tax deductions would be eliminated with the exception of deductions related to homeownership and charitable contributions, Treasury Secretary Steven Mnuchin said at the briefing Wednesday." [Washington Post, 4/26/17]

TRUMP'S PLAN WOULD ELIMINATE DEDUCTIONS FOR STATE AND LOCAL TAXES, TARGETING MIDDLE-CLASS DEMOCRATS

The Plan Would Eliminate Deductions For State And Local Taxes, Including Personal Property Taxes, Real Estate Taxes, Income Taxes, And Sales Taxes. According to Business Insider, "Part of President Donald Trump's tax reform outline released on Wednesday would do away with itemized deductions on individuals' tax returns except for the mortgage and charitable giving deductions. Here's a rundown of the itemized deductions this plan would cut: Deductible state and local taxes: […] This includes: Personal property taxes: […] Real estate taxes: […] Income taxes: […] Sales taxes" [Business Insider, 4/26/17]

Eliminating The Federal Deduction For State And Local Taxes Would Impact Taxpayers From High-Tax, Heavily-Democratic States Such As New York, New Jersey, And California. According to Consumer Affairs, "President Trump is unveiling a tax reform plan that would sharply cut taxes for businesses as well as most individual taxpayers. In perhaps the most far-reaching proposal for individuals, Trump wants to eliminate the federal deduction for state and local taxes. This wouldn't mean much to residents of states like Nevada that don't have a state income tax, but it would take a big bite out of taxpayers from New York, New Jersey, California, and other high-tax states, many of which are Democratic." [Consumer Affairs, 4/26/17]

- **Federal Deductions On State And Local Taxes Are Popular In States With High Income And Property Taxes.** According to the Philadelphia Inquirer, "President Trump's tax plan is aimed at slashing the burden for individual taxpayers. But it would also eliminate a deduction that millions of people – largely high-income earners – in Pennsylvania and New Jersey use to get a break on their state and local taxes. […] In turn, Trump would eliminate all itemized deductions, other than mortgage and charitable deductions. That's where about 3.6 million people in Pennsylvania and New Jersey might end up paying more. Those residents deduct money from their federal taxable income to offset the cost of state and local taxes. The practice is particularly popular in states such as New Jersey with high income and property taxes" [Philadelphia Inquirer, 4/26/17]

- **The New York Times Listed "Upper-Middle-Income People In Blue States" As "Losers" Under Trump's Proposed Tax Outline Due To The Elimination Of Deductions For State And Local Taxes.** According to The New York Times, "The tax plan the Trump administration released Wednesday consists (so far) of a single page of bullet points. […] Lacking that level of detail, we can know only in broad-brush strokes which Americans would win and which would lose. In a homage to the Trump plan itself, here are those winners and losers in bulleted form. […] Losers [:] Upper-middle-income people in blue states. The plan would eliminate the federal tax deduction for state and local income tax. If you are in a place where such taxes are high, like New York or California, you would lose a valuable deduction." [New York Times, 4/26/17]

According To Rep. Bill Pascrell Jr., More Than 40 Percent Of New Jersey Tax Filers Use The Federal Deduction On State And Local Taxes. According to the Philadelphia Inquirer, "President Trump's tax plan is aimed at slashing the burden for individual taxpayers. But it would also eliminate a deduction that millions of people – largely high-income earners – in Pennsylvania and New Jersey use to get a break on their state and local taxes. […] U.S. Rep. Bill Pascrell Jr., a New Jersey Democrat and a member of the House Ways and Means Committee, decried repealing the deduction. 'More than 40 percent of filers in this state use the deduction,' he said in a statement. 'I can't imagine any representative from New Jersey would support inflicting this sort of damage on our middle-class homeowners.'" [Philadelphia Inquirer, 4/26/17]

THE PLAN WOULD ELIMINATE DEDUCTIONS RELATED TO CASUALTY, THEFT, AND JOB SEARCH LOSSES

The Plan Would Eliminate Deductions For Gambling Losses, Interest Expense, Union Or Club Expenses, Moving Expenses, Or Other IRS-Approved Expenses That Account For More Than 2 Percent Of A Filer's Gross Income. According to Business Insider, "Part of President Donald Trump's tax reform outline released on Wednesday would do away with itemized deductions on individuals' tax returns except for the mortgage and charitable giving deductions. Here's a rundown of the itemized deductions this plan would cut: […] Interest expense: […] Union and/or Club expenses: […] Moving expenses: […] Miscellaneous expenses: If an expense on the Internal Revenue Service's list, including tax preparation fees and unreimbursed employee expenses, accounts for more than 2% of a filers gross income, it can be deducted." [Business Insider, 4/26/17]

The Plan Would Eliminate Deductions For Expenses Related To Casualty And Theft Losses, Tax Preparation Fees, Job Search Expenses, And Car Registration Fees. According to the Detroit Free Press, "The Trump plan calls for eliminating all tax deductions on individual tax returns — except the deduction for home mortgages and charitable gifts. If you itemize, as many middle class families do, you're going to want to watch this potential change. […] But under Trump's plan, many tax deductions would vanish — including the deduction on medical and dental expenses, real estate taxes, casualty and theft losses, expenses related to tax preparation fees, expenses relating to job hunts, a deduction for the amount that individuals pay for state and local income taxes and the value-based portion of car registration fees." [Detroit Free Press, 4/26/17]

TRUMP PLANNED TO ELIMINATE DEDUCTIONS USED TO OFFSET MEDICAL EXPENSES

The Plan Would Eliminate Tax Deductions Used To Offset Medical And Dental Expenses. According to the Detroit Free Press, "The Trump plan calls for eliminating all tax deductions on individual tax returns — except the deduction for home mortgages and charitable gifts. If you itemize, as many middle class families do, you're going to want to watch this potential change. […] But under Trump's plan, many tax deductions would vanish — including the deduction on medical and dental expenses, real estate taxes, casualty and theft losses, expenses related to tax preparation fees, expenses relating to job hunts, a deduction for the amount that individuals pay for state and local income taxes and the value-based portion of car registration fees." [Detroit Free Press, 4/26/17]

Eliminating Deductions For Medical Expenses Could Harm Taxpayers With Surgery Or Nursing Home Expenses, And Those Without Medical Insurance. According to MarketWatch, "Before Trump's proposed plan, the IRS allowed individuals who itemized their tax deductions to deduct the amount of qualified medical expenses they had, if they went beyond 10% of their adjusted gross incomes, or beyond 7.5% if they or their spouse were 65 or older. This could harm people with large medical bills, including surgeries, nursing home expenses, especially for those without medical insurance, said Roberton Williams, a senior fellow at the Tax Policy Center." [MarketWatch, 4/27/17]

THE PLAN WOULD ELIMINATE DEDUCTIONS USED FOR COLLEGE AND STUDENT LOAN PAYMENTS, WHICH COULD COST TAXPAYERS MORE THAN A THOUSAND DOLLARS

Cuts In Deductions For College And Student Loan Payments Could Cost Taxpayers Up To A Few Thousand Dollars. According to MarketWatch, "The tax code provides multiple deductions to offset the cost of paying for college and student loans that — if eliminated — could cost taxpayers between a few hundred and a few thousand dollars, said Mark Kantrowitz, the publisher of Cappex.com, a college and scholarship search site." [MarketWatch, 4/27/17]

Trump's Plan Called For Elimination Of The Alternative Minimum Tax, Which Would Be A Boon To Rich Americans Like Himself

TRUMP'S PLAN CALLED FOR ELIMINATION OF THE ALTERNATIVE MINIMUM TAX, DESIGNED TO ENSURE ULTRA-HIGH-EARNERS PAY THEIR FAIR SHARE IN FEDERAL TAXES

New York Times: "The Alternative Minimum Tax Was Enacted To Ensure High Income Earners Would Pay A Minimum Tax Even If They Were Claiming Numerous Tax Breaks." According to The New York Times, "The plan calls for eliminating two key taxes that traditionally affect higher earners: the alternative minimum tax and the estate tax. The alternative minimum tax was enacted to ensure high income earners would pay a minimum tax even if they were claiming numerous tax breaks." [New York Times, 4/26/17]

The AMT Was Established In Response To Public Outrage Over 155 Americans Earning Over $200,000 In 1969 Paid Zero Federal Income Taxes. According to the Tax Policy Center, "In January 1969, Treasury Secretary Joseph W. Barr informed Congress that 155 taxpayers with incomes exceeding $200,000 had paid no federal income tax in 1966. The news created outrage. That year, members of Congress received more constituent letters about the 155 taxpayers than about the Vietnam War. Congress subsequently enacted an 'add-on' minimum tax that households paid in addition to regular income tax. It applied to certain income items ('preferences') that were taxed lightly or not at all under the regular income tax. The largest preference item was the portion of capital gains excluded from the regular income tax. Congress enacted the modern alternative minimum tax (AMT) in 1979 to operate in tandem with the add-on minimum tax." [Tax Policy Center, archived 4/27/17]

- **New York Times: The Alternative Minimum Tax Was "An Aggravating Tax For The Well-To-Do," Making It "Harder For Very Rich Individuals To Game The Tax System And Pay Less Tax."** According to The New York Times, "The alternative minimum tax makes it harder for very rich individuals to game the tax system and pay less tax. It is an aggravating tax for the well-to-do, what Treasury Secretary Steven T. Mnuchin called a 'complicated' additional system of taxation." [New York Times, 4/26/17]

Less Than 3% Of All Taxpayers Paid The AMT In 2014

Less Than 3% Of All Taxpayers Had To Pay The Alternative Minimum Tax In 2014. According to Forbes, "For the 2014 tax year, the last year for which complete data is available from the IRS (downloads as a pdf), 4,278,000 taxpayers were subject to the AMT, paying a combined $28.6 billion in tax. The number of taxpayers affected by the AMT represented just under 3% of all taxpayers that year." [Forbes, 3/15/17]

ELIMINATING THE ALTERNATIVE MINIMUM TAX WOULD ADD TENS OF BILLIONS OF DOLLARS TO THE FEDERAL DEFICIT

The Alternative Minimum Tax Generated Over $28 Billion In Revenue In 2014. According to Forbes, "For the 2014 tax year, the last year for which complete data is available from the IRS (downloads as a pdf), 4,278,000 taxpayers were subject to the AMT, paying a combined $28.6 billion in tax. The number of taxpayers affected by the AMT represented just under 3% of all taxpayers that year." [Forbes, 3/15/17]

The Alternative Minimum Tax Is Projected To Generate $57 Billion In Revenue In 2026, 2.3% Of All Individual Income Tax Revenue. According to the Tax Policy Center, "Q. How much revenue does the AMT raise? A. About $35 billion in 2017, or about 2.2 percent of all individual income tax revenue. By 2026, AMT revenue will total $57 billion, or 2.3 percent of all individual income tax revenue." [Tax Policy Center, archived 4/27/17]

TRUMP'S PERSONAL TAX BURDEN OF APPROXIMATELY 25% WOULD HAVE BEEN LESS THAN 5% WITHOUT THE ALTERNATIVE MINIMUM TAX

Trump Would Have Paid Only $7 Million On $153 Million In Reported Income If Not For The Alternative Minimum Tax

New York Times: The Elimination Of The Alternative Minimum Tax "Would Richly Benefit Mr. Trump." According to The New York Times, "The president would eliminate the estate tax and alternative minimum tax, a parallel system that primarily hits wealthier people by effectively limiting the deductions and other benefits available to them — both moves that would richly benefit Mr. Trump. Little is known of Mr. Trump's tax burden, but one of the small nuggets revealed in the partial release of a 2005 tax return this year was that he paid $31 million under the alternative minimum tax that year." [New York Times, 4/26/17]

In 2005, Trump Paid $31 Million Under The Alternative Minimum Tax. According to The New York Times, "The president would eliminate the estate tax and alternative minimum tax, a parallel system that primarily hits wealthier people by effectively limiting the deductions and other benefits available to them — both moves that would richly benefit Mr. Trump. Little is known of Mr. Trump's tax burden, but one of the small nuggets revealed in the partial release of a 2005 tax return this year was that he paid $31 million under the alternative minimum tax that year." [New York Times, 4/26/17]

Without The Alternative Minimum Tax, Trump Would Have Paid Only $7 Million On $153 Million In Income In 2005. According to The New York Times, "Mr. Trump paid $38 million in federal income taxes on reported income of $150 million, an effective tax rate of 25 percent, according to forms disclosed on Rachel Maddow's MSNBC show. […] But they showed that the vast bulk of the federal income taxes he paid in 2005, $31 million, was paid under the alternative minimum tax, which Mr. Trump wants to abolish. That tax serves as a backstop to the ordinary income tax and is intended to prevent wealthy Americans from paying no income tax at all. Without it, Mr. Trump would have paid about $5 million in regular taxes, plus nearly $2 million in self-employment taxes, on $153 million in income in 2005." [New York Times, 3/14/17]

Trump's Plan Called For Elimination Of The Estate Tax, Which Would Benefit The Trumps

TRUMP'S PLAN CALLED FOR THE ELIMINATION OF THE TAX ON MULTI-MILLION DOLLAR INHERITANCES

Trump's Plan Called For Elimination Of The Estate Tax, Which Applied To Individual Inheritances Of $5.5 Million Or More And Inheritances Of $11 Million Or More For Married Couples. According to USA Today, "President Trump's tax reform plan will benefit most U.S. households and make filing taxes simpler but it will provide the biggest windfall to the wealthy, experts say. […] The estate, or so-called 'death,' tax, would be scrapped. The 40% tax currently applies to a $5.5 million inheritance for individuals and $11 million for married couples. 'You ran on a populist agenda but it's wealthy heirs who will pay no taxes,' Marr says. And James Nunns, a senior fellow at the Tax Policy Center, says that getting rid of the tax removes the incentive for the wealthy to make charitable contributions." [USA Today, 4/26/17]

THE ESTATE TAX WAS PAID BY THE RICHEST AMERICANS AND IMPOSED NO BURDEN ON ALMOST ANY SMALL BUSINESSES OR MIDDLE CLASS FAMILIES

Trump Claimed That "A Lot Of Families Go Through Hell" Because Of The Estate Tax. According to an opinion by Pedro Nicolaci de Costa in Business Insider, "Trump in September touted his plan to end the tax on the ultra-wealthy in strong terms: 'It's a double taxation. A lot of families go through hell over the death tax.' The small portions of Trump's tax returns that were leaked to the media showed that he may, in fact, be among those who might need to pay the tax one day." [Pedro Nicolaci de Costa, Opinion – Business Insider, 4/27/17]

The Tax Policy Center Estimated That About 20 Small Business Or Small Farm Estates Owed Any Estate Tax In 2013. According to an opinion by Pedro Nicolaci de Costa in Business Insider, "The estate tax affects only a tiny percentage of America's wealthiest families and, unlike what Trump and other prominent Republicans have argued, does not hurt small-business owners in any discernible way. Instead, the independent Tax Policy Center estimates that, in the entire country, only about 20 small business or small farm estates owed any estate tax in 2013 — and those estates owed an average of 4.9% of their value in tax." [Pedro Nicolaci de Costa, Opinion – Business Insider, 4/27/17]

The Tax Policy Center: Over One-Fourth Of The Estate Tax Was Paid By The Richest 0.1% And Over 90% Was Paid By The Top 10% Of Income Earners. According to an opinion by Pedro Nicolaci de Costa in Business Insider, "Yet most Americans can sleep easy knowing their 'estates' will not be taxed when they die, regardless of Trump's ideas about taxes. 'The top 10% of income earners pays over 90% of the tax, with over one-fourth paid by the richest 0.1%,' the Tax Policy Center says. 'Very few farms or family businesses pay the tax.'" [Pedro Nicolaci de Costa, Opinion – Business Insider, 4/27/17]

THE ESTATE TAX IS PAID BY FEW, BUT HAS A SIGNIFICANT IMPACT ON FEDERAL REVENUES

Washington Post: "Very Few People Pay The Tax — But It Generates A Lot Of Revenue," With $19.7 Billion In Taxes Projected To Be Generated From Just 5,200 Returns In 2017. According to The Washington Post, "Very few people pay the tax — but it generates a lot of revenue. The Tax Policy Center estimates that in 2017, the 5,200 returns that will owe tax will generate $19.7 billion in taxes. How much this would affect Trump and his family isn't clear, because the president never released his tax returns. But it seems pretty clear that, whatever the net effect would be for the Trumps, a repeal of this tax would be a positive one for them." [Washington Post, 4/26/17]

TRUMP'S CHILDREN AND CABINET HAVE BILLIONS TO GAIN FROM ELIMINATION OF THE ESTATE TAX

New York Times: The Elimination Of The Estate Tax "Would Richly Benefit Mr. Trump." According to The New York Times, "The president would eliminate the estate tax and alternative minimum tax, a parallel system that primarily hits wealthier people by effectively limiting the deductions and other benefits available to them — both moves that would richly benefit Mr. Trump. Little is known of Mr. Trump's tax burden, but one of the small nuggets revealed in the partial release of a 2005 tax return this year was that he paid $31 million under the alternative minimum tax that year." [New York Times, 4/26/17]

Trump's Children Would Save Nearly $1.5 Billion In Taxes Without The Estate Tax, Based On The Forbes Estimate Of Trump's Financial Worth. According to an opinion by MarketWatch columnist Brett Arends, "Don't call this Donald Trump's tax reform. Call it 'Ivanka's Law.' Because that's what it is. Donald Trump on Wednesday announced plans to save Ivanka and his other children a staggering $1.4 billion in taxes. […] Forbes estimates Trump is worth (financially) $3.5 billion. At today's top 40% estate tax rate, Ivanka and her siblings would inherit 'only' a net $2.1 billion after Daddy goes to that great bankrupt casino in the sky. But if Trump gets his way, thanks to his new proposals, his kids would instead get the full $3.5

billion. The federal government would have to find the money somewhere else. And that means from you." [Brett Arends – MarketWatch, 4/27/17]

Heirs To Trump's Cabinet Members Would Save Nearly $5 Billion In Taxes Total Without The Estate Tax. According to an opinion by MarketWatch columnist Brett Arends, "Steven Mnuchin, the ex-Goldman Sachs tycoon who helped announce the proposal, is so rich that when he filed his personal financial disclosure in January, he 'forgot' to include $95 million. No, really. His net worth is estimated at more than half a billion dollars — so this proposal is likely to save his heirs at least $200 million. Bloomberg worked out last fall that Trump's cabinet was worth at least $12 billion, which means this one boondoggle will save their families about $4.8 billion." [Brett Arends – MarketWatch, 4/27/17]

Trump's Plan Would Eliminate The 3.8% Net Income Investment Tax, Which Would Also Benefit Wealthy Americans Like Himself

TRUMP'S PLAN WOULD ELIMINATE THE NET INCOME INVESTMENT TAX, LOWERING THE EFFECTIVE CAPITAL GAINS RATE FOR HIGH EARNERS

Trump's Plan Would Eliminate The 3.8% Net Income Investment Tax Included Within The Affordable Care Act, Which Applies To Individuals Earning Over $200,000 And Married Couples Earning Over $250,000. According to CNBC, "President Donald Trump's new proposal to reform the tax code may be the biggest tax cut for individuals since the Reagan administration, but it's also just one page long. 'It has less detail than the plan released by the Trump campaign,' said Scott Greenberg, an analyst at the Center for Federal Tax Policy at the Tax Foundation. Here's what we know: […] The Trump administration continues to push to eliminate the 3.8 percent net income investment tax created by the Affordable Care Act. The tax applies to investment income of taxpayers with a modified adjusted gross income of more than $200,000 for single filers and $250,000 for married couples filing jointly." [CNBC, 4/27/17]

CNBC: "Ending The Net Income Investment Tax Would Drop The Effective Capital Gains Tax Rate For High Earners From 23.8 Percent To 20 Percent." According to CNBC, "Ending the net income investment tax would drop the effective capital gains tax rate for high earners from 23.8 percent to 20 percent." [CNBC, 4/27/17]

REPEALING THE NET INCOME INVESTMENT TAX WOULD SAVE HIGH EARNERS $158 BILLION OVER TEN YEARS

Repealing The 3.8% Net Investment Tax Would Save High-Income Individuals And Families $158 Billion Over The Next 10 Years. According to the Associated Press, "The biggest tax cut would eliminate a 3.8 percent tax on investment income for high-income individuals and families. Eliminating the tax would save these taxpayers $158 billion over the next decade, according to the nonpartisan Committee on Taxation, the official scorekeeper for Congress." [Associated Press, 3/7/17]

90% OF THE TAX SAVINGS WOULD GO TO THE TOP 1% MAKING OVER $700,000 PER YEAR

90% Of The Tax Savings Would Go To The Top 1% Of Earners Making Over $700,000 Per Year. According to the Associated Press, "The biggest tax cut would eliminate a 3.8 percent tax on investment income for high-income individuals and families. Eliminating the tax would save these taxpayers $158 billion over the next decade, according the non-partisan Committee on Taxation, the official scorekeeper for

Congress. About 90 percent of the benefit from repealing the tax would go to the top 1 percent of earners, who make $700,000 or more, according to the non-partisan Tax Policy Center." [Associated Press, 3/7/17]

Repealing The 3.8% Tax Would Save The Top 0.1% An Average Of $165,090 Per Year. According to Vox, "The single biggest tax cut included in the bill is the repeal of the 3.8 percent tax the Affordable Care Act applied to capital gains, dividend, and interest income for families with $250,000 or more in income ($125,000 for singles). Repealing that tax is a change that, by definition, only helps the rich, or at least the affluent. If you're part of a married couple and, like the vast majority of Americans, make less than $250,000 a year, or earn more than that but have little investment income, it doesn't affect you at all. The Tax Policy Center finds that repealing the tax would amount to an average tax cut of $0 for households in the bottom 90 percent — those making $208,500 or below. A handful of people in the 80th to 95th percentiles would see cuts, but the vast majority wouldn't. By contrast, members of the top 0.1 percent, who each on average make more than $3.75 million annually, would get an average tax cut of $165,090." [Vox, 3/8/17]

THE VAST MAJORITY OF HOUSEHOLDS WOULD NOT BENEFIT FROM REPEAL OF THIS TAX

160 Million Households Would See No Benefit To Repealing The Net Income Investment Tax. According to the Washington Post, "Just how fat a tax cut? That question is answered in a new report by three of my colleagues at the Center on Budget and Policy Priorities. Using IRS data, they show that the 400 richest Americans, whose average annual income is more than $300 million, would each get an average $7 million kickback from ending two ACA taxes: the 0.9 percent Hospital Insurance tax and the 3.8 percent unearned income Medicare tax. The base for both taxes are individuals with incomes above $200,000 and couples with incomes above $250,000, making this a highly progressive revenue source. That also means that the 160 million households with incomes below these levels get no tax benefits from repealing those taxes." [Washington Post, 1/19/17]

Trump's Plan Called For Lowering The Business Tax Rate To 15%, Which Would Benefit Himself While Exploding The Federal Deficit

TRUMP'S PLAN WOULD CUT THE CORPORATE TAX RATE AND TOP TAX RATE ON PASS-THROUGH BUSINESSES TO 15 PERCENT

Trump's Plan Would Cut The Corporate Tax Rate And The Top Tax Rate On Pass-Through Businesses To 15 Percent. According to Reuters, "U.S. President Donald Trump on Wednesday proposed slashing tax rates for businesses and on overseas corporate profits returned to the country in a plan greeted as an opening gambit by his fellow Republicans in Congress. […] Trump's plan would cut the income tax rate paid by public corporations to 15 percent from 35 percent and reduce the top tax rate assessed on pass-through businesses, including small partnerships and sole proprietorships, to 15 percent from 39.6 percent, the White House said." [Reuters, 4/26/17]

CUTTING THE CORPORATE TAX RATE TO 15 PERCENT WOULD ADD TRILLIONS TO THE FEDERAL DEFICIT OVER TEN YEARS

Conservative And Nonpartisan Sources Agreed That The Plan Would Dramatically Increase The Federal Deficit

The Committee For A Responsible Federal Budget Found Cutting The Corporate And Pass-Through Business Tax Rates Would Have A $3.7 Trillion Impact On The National Debt Over 10

Years. According to the Committee for a Responsible Federal Budget, Trump's proposal to "Reduce corporate tax rate to 15%" and "Reduce pass-through business tax rate to 15%" would have a $2.2 trillion and $1.5 trillion "2027 Debt Impact," respectively. [Committee for a Responsible Federal Budget, 4/26/17]

Fox News Reported That The Plan Could Add Trillions Of Dollars To The Federal Deficit Over The Next Decade. According to Fox News, "President Trump's tax reform plan would cut the top rate for small business owners to 15 percent from 39.6 percent, an official with knowledge of the plan told the Associated Press Tuesday. The official added that the top tax rate for individuals would be cut from 39.6 percent to the 'mid-30s.' White House officials had already revealed that Trump's plan would reduce the top corporate income tax rate from 35 percent to 15 percent. The plan, which will be formally unveiled by Trump Wednesday, will also include child-care benefits, a cause promoted by Trump's daughter Ivanka. Republicans who slammed the growing national debt under Democrat Barack Obama said Tuesday they are open to Trump's tax plan, even though it could add trillions of dollars to the deficit over the next decade." [Fox News, 4/26/17]

According To The Nonpartisan Joint Committee On Taxation, Large Corporate Tax Cuts Could Add To Long-Term Budget Deficits. According to Fox News, "President Trump's tax reform plan would cut the top rate for small business owners to 15 percent from 39.6 percent, an official with knowledge of the plan told the Associated Press Tuesday. […] The nonpartisan Joint Committee on Taxation said Tuesday that a big cut in corporate taxes — even if it is temporary — would add to long-term budget deficits. This is a problem for Republicans because it means they would need Democratic support in the Senate to pass a tax overhaul that significantly cuts corporate taxes." [Fox News, 4/26/17]

As Is, The Plan Would Not Qualify For A Party-Line Vote In The Senate Under Congressional Reconciliation Rules Due To Its Impact On The Federal Deficit

Trump's Tax Reform Proposal May Not Comply With Congressional Reconciliation, Which Requires Bills To Avoid Increasing Budget Deficits More Than 10 Years After Implementation In Order To Qualify For A Republican Party-Line Vote In The Senate. According to The Wall Street Journal, "President Donald Trump on Wednesday is planning to unveil a proposal to cut the corporate tax rate to 15%, sharply reduce taxes on U.S. companies' foreign profits and slash the top tax rate to 15% on so-called pass-through businesses, including many owner-operated companies, said White House officials familiar with the planning. […] Further, Mr. Trump may have trouble complying with the congressional procedure known as reconciliation, which allows a Republican party-line vote in the Senate, but which requires bills to avoid increasing budget deficits outside the 10-year budget window." [Wall Street Journal, 4/25/17]

- **According To The Wall Street Journal, Even A Three-Year Temporary Tax Cut May Cut Into Government Revenue Beyond 10 Years.** According to The Wall Street Journal, "Even a temporary tax cut in the corporate tax rate as short as three years might cost the government revenue beyond 10 years and run afoul of those reconciliation rules." [Wall Street Journal, 4/25/17]

Trump Told His Advisers To Include A 15% Business Tax Rate In The Proposal Regardless Of Its Impact On The Federal Deficit

Trump Told His Advisers To Propose Cutting The Corporate Tax Rate To 15 Percent Even If Such A Cut Led To Significant Reductions In Revenue That Would Impact The Deficit. According to The New York Times, "President Trump has instructed his advisers to make cutting the corporate tax rate to 15 percent a centerpiece of his tax-cut blueprint to be unveiled this week, according to people with knowledge of his plans, even if that means a significant reduction in revenue that could jettison his campaign promise to curb deficits." [New York Times, 4/24/17]

- **During His Presidential Campaign, Trump Vowed To Reduce Budget Deficits.** According to Politico, "Trump's bombastic campaign promises also included a vow to reduce budget deficits, in part through robust economic growth. But few budget analysts take that claim seriously." [Politico, 11/15/16]

CUTTING THE TAX RATE FOR PASS-THROUGH BUSINESSES WOULD BENEFIT THE ULTRA-WEALTHY

Trump Proposed Cutting The Top Tax Rate For Pass-Through Businesses From 39.6 Percent To 15 Percent

Trump Proposed Reducing The Top Tax Rate For Pass-Through Businesses From 39.6 Percent To 15 Percent. According to Reuters, "Trump's plan would cut the income tax rate paid by public corporations to 15 percent from 35 percent and reduce the top tax rate assessed on pass-through businesses, including small partnerships and sole proprietorships, to 15 percent from 39.6 percent, the White House said." [Reuters, 4/26/17]

- **Pass-Through Businesses Included Small Partnerships And Sole Proprietorships.** According to Reuters, "Trump's plan would cut the income tax rate paid by public corporations to 15 percent from 35 percent and reduce the top tax rate assessed on pass-through businesses, including small partnerships and sole proprietorships, to 15 percent from 39.6 percent, the White House said." [Reuters, 4/26/17]

- **Pass-Through Businesses Included Many Owner-Operated Companies.** According to The Wall Street Journal, "President Donald Trump on Wednesday is planning to unveil a proposal to cut the corporate tax rate to 15%, sharply reduce taxes on U.S. companies' foreign profits and slash the top tax rate to 15% on so-called pass-through businesses, including many owner-operated companies, said White House officials familiar with the planning." [Wall Street Journal, 4/25/17]

Pass-Through Income Would Be Exempt From A Proposed 37 Percent General Top Rate. According to The Wall Street Journal, "On income-tax rates for individuals, Mr. Trump has said he wants to reduce the number of brackets, but his advisers are still debating where to set the rates. […] Treasury Secretary Steven Mnuchin is said to prefer a top rate of 37%, the people said. That's below today's top rate of 39.6% but above the 33% rate that Mr. Trump proposed during the campaign. That new top rate wouldn't apply to pass-through income, which would get the special 15% rate." [Wall Street Journal, 4/25/17]

More Than Two-Thirds Of Pass-Through Business Income Goes To One-Percenters

According To The Center On Budget And Policy Priorities, More Than Two-Thirds Of Pass-Through Business Income Goes To The Highest 1 Percent Of Tax Filers. According to the Center on Budget and Policy Priorities, "The Trump pass-through proposal would be an expensive tax cut that would flow primarily to the wealthiest Americans. That's because more than two-thirds of pass-through business income flows to the highest-income 1 percent of tax filers." [Center on Budget and Policy Priorities, 8/8/16]

The Tax Cut Would Benefit Lobbyists, Lawyers, And Hedge Fund Managers, Who Could Evade Higher Taxes By Organizing Themselves As LLCs Or Partnerships

According To Tax Policy Center Senior Fellow Steve Rosenthal, The 15 Percent Pass-Through Tax Rate Would Benefit "Professionals That Organize Themselves In An LLC Or Partnership," Such As

"Doctors, Lawyers, Consultants, Lobbyists." According to The Wall Street Journal, "Lawmakers are likely to struggle to fit the 15% pass-through tax rate inside budgetary and procedural constraints, because it would add more than $1 trillion to the 10-year cost of any tax plan. It also will be hard for Congress to write rules to prevent people from converting higher-taxed wages into lower-taxed business profits. 'The chief beneficiaries are professionals that organize themselves in an LLC or partnership. Doctors, lawyers, consultants, lobbyists,' said Steve Rosenthal, a senior fellow at the Tax Policy Center, a project of the Urban Institute and Brookings Institution, in Washington." [Wall Street Journal, 4/25/17]

- **According To Rosenthal, A Theoretical IRS Rule Aimed At Distinguishing Labor Income From Business Profits Would Be "Impossible" To Administer.** According to The Wall Street Journal, "Lawmakers are likely to struggle to fit the 15% pass-through tax rate inside budgetary and procedural constraints, because it would add more than $1 trillion to the 10-year cost of any tax plan. It also will be hard for Congress to write rules to prevent people from converting higher-taxed wages into lower-taxed business profits. 'The chief beneficiaries are professionals that organize themselves in an LLC or partnership. Doctors, lawyers, consultants, lobbyists,' said Steve Rosenthal, a senior fellow at the Tax Policy Center, a project of the Urban Institute and Brookings Institution, in Washington. Mr. Rosenthal said the Internal Revenue Service would have trouble distinguishing between labor income and business profits. 'Drafting a rule is challenging,' he said. 'Administering a rule is impossible.'" [Wall Street Journal, 4/25/17]

Lowering The Tax Rate On Pass-Through Entities Would Reduce The Tax Burden On Hedge Fund And Private Equity Fund Managers. According to Axios, "President Trump campaigned on a pledge to increase taxes on hedge fund and private equity fund managers, by closing the carried interest loophole. But there is no mention of carried interest in the tax plan released today by the White House. Instead, there is a plan to lower the tax rate on so-called 'pass through' entities, which actually would reduce the tax burden on many of those same professional investors." [Axios, 4/26/17]

Individuals And Investment Funds Could Restructure In Order To Qualify For Trump's Lower Tax Rate

Individuals Paying The Top Individual Tax Rate Could Form An LLC Contract With Their Employers To Cut Their Tax Rate To 15 Percent. According to Vox, "President Trump is planning to include a massive cut in the top tax rate on 'pass-through' companies, from its current level of 39.6 percent to a mere 15 percent, the Wall Street Journal's Michael Bender and Richard Rubin report. […] The plan creates a massive loophole with which ordinary people can evade taxes. Instead of just working for Vox.com, I could form DylanCorp LLC, contract with Vox to provide writing services, and pay a 15 percent rate on DylanCorp's earnings rather than my current 25 percent rate. For rich people paying a top rate of 39.6 percent (or the top individual rate of 33 percent that Trump proposed during the campaign), the incentive to do this will be even larger." [Vox, 4/25/17]

Axios: "Funds Structured As Limited Partnerships (Almost All Private Equity And Venture Capital) Likely Would Either Restructure Or Figure Out A Way To Quality As Pass-Through Entities For Tax Purposes." According to Axios, "Trump's argument is that many small businesses currently are taxed as pass-through entities, but that treatment also applies to a lot of hedge funds and real estate funds that are structured as things like limited liability companies. Moreover, funds structured as limited partnerships (almost all private equity and venture capital) likely would either restructure or figure out a way to qualify as pass-through entities for tax purposes. In short, such fund managers would now pay a flat 15% tax on all of their income, including annual management fees on which they currently pay individual rates." [Axios, 4/26/17]

THE PLAN WOULD SAVE THE TRUMP FAMILY MILLIONS OF DOLLARS

Most Of The Trump Family's Income Was Accrued Through Pass-Through Firms

President Trump's Real Estate And Branding Businesses Were Pass-Through Firms. According to The Wall Street Journal, "Most U.S. businesses are pass-throughs, which are called that because their income and deductions pass through to their owners' individual returns. That group includes many small firms, but it also includes large global law firms, hedge funds and Mr. Trump's own real estate and branding businesses. These businesses don't pay the corporate tax rate, which Mr. Trump also wants to lower to 15%." [Wall Street Journal, 4/25/17]

According To Vox, The "Vast Majority" Of Income Accruing To The Trump Family Was Taxed Through Pass-Through Enterprises. According to Vox, "The Trump Organization isn't a 'C corporation.' It doesn't pay corporate income tax. Instead, it's structured as a collection of pass-through enterprises, so the vast majority of income accruing to Trump and his family is taxed through this system." [Vox, 4/25/17]

Lowering The Tax Rate For Pass-Throughs Would Cut Trump's Own Tax Rate By More Than Half

According To Vox, Trump's Proposal To Cut The Tax Rate On Pass-Through Companies Would "Almost Certainly" Cut His Own Tax Rate By More Than Half. According to Vox, "President Trump is planning to include a massive cut in the top tax rate on 'pass-through' companies, from its current level of 39.6 percent to a mere 15 percent, the Wall Street Journal's Michael Bender and Richard Rubin report. […] Trump almost certainly pays the 39.6 percent rate on his earnings, so he's cutting his own top tax rate by more than half. It's the most transparently self-interested policy he's proposed since taking office, and it will likely save him tens of millions of dollars." [Vox, 4/25/17]

- **According To Vox, The Proposal Would Likely Save Trump Tens Of Millions Of Dollars.** According to Vox, "Trump almost certainly pays the 39.6 percent rate on his earnings, so he's cutting his own top tax rate by more than half. It's the most transparently self-interested policy he's proposed since taking office, and it will likely save him tens of millions of dollars." [Vox, 4/25/17]

Using Data From Trump's 2005 Tax Return, Trump Could Have Reduced His Tax Burden From $38 Million To Less Than $3 Million By Cutting The Pass-Through Tax Rate In Conjunction With Repealing The Alternative Minimum Tax. According to Vox, "We have a few details from his 2005 return, which suggests that he gets tens if not hundreds of millions of dollars in pass-through income annually. That return also implied that without the alternative minimum tax, which Trump wants to repeal, he would have paid less than 3.5 percent of his income in federal income taxes. Cutting the pass-through rate while repealing the AMT would probably reduce his tax burden to roughly half that level. Instead of paying $38 million, he could've paid less than $3 million." [Vox, 4/25/17]