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‘HEROES’ ACT RAISES \$250 BILLION BY REPEALING HUGE TAX CUT FOR THE RICH

House Passage Claws Back ‘Millionaires Giveaway’ in CARES Act; Big Win for Tax Fairness

WASHINGTON, D.C. – Cleansing not only the CARES Act but the 2017 GOP tax law as well of a huge tax handout to wealthy business owners, the House of Representatives today passed the pandemic-relief HEROES Act, which would repeal the notorious “[Millionaires Giveaway](#).” While the Giveaway [lost an estimated \\$135 billion](#) in revenue over 10 years by suspending a provision of the tax law that was due to expire in 2026, the HEROES Act—by making that provision permanent—would [raise \\$246 billion](#), according to the Joint Committee on Taxation (JCT).

“This is a double victory for tax fairness,” explained Frank Clemente, executive director of Americans for Tax Fairness. “Not only would the House-passed HEROES Act revoke an egregious example of pandemic profiteering in the form of the ‘Millionaires Giveaway,’ but it would also be the first corrective to the 2017 Trump-GOP tax law, a \$2 trillion boondoggle that mostly benefits the rich and corporations. Such reform couldn’t come at a more important time, when the needs are so great and there’s no money to waste.”

The Millionaires Giveaway allows wealthy business owners to manipulate losses to reap huge tax savings. The JCT has determined that this year the loophole gives [over 80% of the benefits](#)—an average tax cut of \$1.6 million—to [43,000 noncorporate business owners](#) already making over \$1 million. The Giveaway is expected to especially benefit wealthy hedge fund owners and [real estate developers like the Trump family](#).

The Millionaires Giveaway suspends in this year and the two previous years dollar limits the 2017 tax law temporarily placed on the use of business losses to offset personal gains. Those caps—\$500,000 per couple, \$250,000 per individual—prevented business owners from using losses from their businesses to cancel out gains above those caps that they made from *non-business* income—for example, from the sale of stock or real estate.

Those caps are set to expire in 2026. The HEROES Act would restore the caps in 2018-20 and impose them for the first time in the years following 2025. That permanent extension is the reason a \$135 billion loss can turn into a \$246 billion gain.

The HEROES Act also reforms another business-loss provision in the CARES Act that allows businesses (including corporations) to extract big refunds from taxes paid in prosperous years going back to 2013. The HEROES Act only allows losses to be carried back to 2018, still well before the pandemic hit, but at least a time when tax rates were the same 21% as now. Allowing carrybacks to before 2018, when the corporate tax rate was 35%, makes losses that much more valuable, super-sizing tax refunds.

The [oil and gas industry](#) is already exploiting this second CARES Act provision to the tune of hundreds of millions of dollars, according to a Bloomberg analysis. This HEROES reform, which [raises \\$8 billion](#), would also ensure that companies paying excessive executive compensation and engaging in significant stock buybacks do not qualify for relief.