



For Immediate Release

April 27, 2021

## **AMERICAN FAMILIES PLAN WILL STOP RICH TAX CHEATS AND MAKE RICH PAY A FAIRER SHARE**

### **TAXING INCOME FROM WEALTH LIKE WAGES, CLOSING LOOPHOLES AND MAKING RICH PLAY BY SAME RULES WOULD HELP REBUILD MIDDLE CLASS AND FUND HEALTHCARE, CHILDCARE AND EDUCATION**

(Washington, DC) President Biden's American Families Plan, released today, would boost funding by \$1.5 trillion for healthcare, childcare and education serving working families by cracking down on rich individual and corporate tax cheats, taxing income from wealth like work income, raising the top tax rate and closing other loopholes for the wealthiest Americans.

#### **Americans for Tax Fairness Executive Director Frank Clemente issued the following statement:**

The tax system is rigged to benefit the wealthy and big corporations. For too long they have been cheating the system by not paying the taxes they owe and by lobbying Congress to litter the tax code with loopholes. The American Families Plan will change direction, greatly strengthening and reorienting the IRS to stop tax cheating by the wealthy and corporations and closing tax loopholes to make the wealthy pay a fairer share of taxes.

The IRS will be given the budget, personnel and infrastructure it needs to hold the wealthy and corporate tax cheats accountable. It will no longer have one arm tied behind its back. This will raise \$700 billion to help fund college for students, childcare for working parents and healthcare for the uninsured.

The president will make the wealthy begin to pay their fair share of taxes by changing how "capital gains" are taxed. He will tax wealth like work by closing two major loopholes that let the rich pay a lower tax rate on the income they receive from wealth than many middle-class workers pay on their wages. He wants to eliminate the nearly half-off discount the wealthy now get when they sell their assets at a profit so that a billionaire doesn't pay a lower tax rate than a teacher or truck driver. He also wants to tax the wealthy on the accumulated gains of assets they inherit—gains that now go completely untaxed.

The president also wants to close two loopholes that let owners of certain businesses avoid self-employment taxes that pay for health care by claiming their income as profits and not compensation for their work. Known as the Gingrich-Edwards loopholes after former House Speaker Newt Gingrich and former senator John Edwards, the Congressional Budget Office estimates closing these could raise \$360 billion. (See [here](#) and [here](#)). That's a fitting way to provide paid family and medical leave to struggling families or to lift millions of children out of poverty through an expanded Child Tax Credit.

A more detailed analysis of the American Families Plan will be available by 10am at the [Americans for Tax Fairness website](#).