



12 TERRIBLE THINGS ABOUT THE TRUMP-GOP TAX LAW

As of March 8, 2018

- 1. Gives 83% of the tax cuts to the richest 1% by 2027.** The richest 1% of taxpayers will get [one-fifth \(21%\) of the tax cuts](#) in 2018. That grows to 83% by 2027 because they benefit most from the corporate tax cuts and tax cuts for working families will have expired. The average tax cut for the top 1% will be \$51,000 in 2018; the bottom 60% of taxpayers will get [about a dollar day](#). [Tax Policy Center (TPC)]
- 2. Raises taxes on 92 million middle-class families by 2027 to pay for tax breaks for the wealthy and corporations.** That is more than one-half (57%) of all households making less than \$200,000 a year. 69 million households making less than \$100,000 a year would also pay more in taxes after the temporary tax cuts for individuals expire. [TPC]
- 3. Increases health care premiums and leaves 13 million families without health coverage, to pay for tax breaks that mostly benefit the wealthy and corporations.**
 - The law repeals a key part of the Affordable Care Act: the requirement for individuals to have health coverage if they can afford it. That [saves \\$314 billion](#) that is used to pay for tax cuts. [Joint Committee on Taxation (JCT)]
 - This will lead to [13 million more people](#) each year being uninsured and cause a 10% increase in health insurance premiums for people getting insured on the individual market. [CBO]
- 4. Provides a permanent tax cut to corporations but a temporary tax cut for individuals and families.**
 - The corporate tax rate is slashed from 35% to 21%, and the corporate Alternative Minimum Tax (AMT) is eliminated.
 - Tax cuts that benefit working families will expire after 2025. However, one individual tax provision that was made permanent [slows down the inflation adjustment](#) for tax brackets, resulting in growing tax increases over time.
- 5. Adds \$1.5 to \$2.2 trillion to the national debt, jeopardizing critical services.** The law includes at least [\\$1.5 trillion in tax cuts](#) that are not paid for, such as by closing loopholes used by the wealthy and corporations. [JCT] Because the law contains several budget gimmicks that obscure the true cost of the tax cuts, the cost could be as much as [\\$2.2 trillion](#). [CBPP] This will balloon the national debt and further endanger funding for Social Security, Medicare, Medicaid, public education and more.
- 6. Prioritizes the wealthiest taxpayers over working families with children.** The law lowers the top individual tax rate from 39.6% to 37%, giving more tax cuts to the [richest 518,000 households](#). The GOP [chose not to fully adjust changes in the Child Tax Credit](#) so that some 24 million children in working families could fully benefit. Both changes would cost roughly the same, \$80 billion over 10 years. [Institute on Taxation and Economic Policy (ITEP), CBPP]

- 7. Prioritizes wealthy business owners and real estate developers like Donald Trump.** They get a net [\\$265 billion tax cut](#) from a new 20% deduction for “pass-through” business income combined with a tightening of rules on losses. Applied to the new 37% top individual tax rate, this 20% deduction on business income will drop the top pass-through business tax rate from 39.6% to 29.6%. More than [80% of this tax cut](#) will go to the top 5% in 2019. Trump [owns more than 500](#) pass-throughs. Pass-through owners—which include sole proprietorships, partnerships, LLC’s and S corporations—pay taxes due on their business income on their personal returns at individual rates. [JCT, ITEP]
- 8. Kills American jobs by encouraging outsourcing and profit shifting.** The law creates a territorial tax system, which [exempts a large share of the foreign profits of U.S. corporations from U.S. taxes](#), and taxes the remainder at half the rate on domestic profits. The law will give U.S. multinationals even more tax incentives to [outsource jobs and move investments offshore](#).
- 9. Hands a \$400 billion tax cut to offshore tax dodgers.** American corporations have \$2.6 trillion in profits stashed offshore on which they [owe \\$750 billion in U.S. taxes](#). Rather than make them pay what they owe, like all the rest of us do, the law will [charge them only \\$339 billion](#)—over a \$400 billion discount. Apple will [save \\$40 billion](#) and Microsoft is likely to save [\\$25 billion](#) [ATF, ITEP].
- 10. Limits the federal deduction for state and local taxes (SALT), hurting the middle class.** The law caps at \$10,000 the amount of state and local property and income or sales taxes that can be deducted from federal taxable income. This is one of the reasons that [nearly 8 million families](#) will see tax increases in 2018. The impact of this change will be felt especially in the [20 states](#) that claim an average SALT deduction of more than \$10,000. Limiting SALT will [put pressure on state and local budgets](#), likely forcing cuts to education, health care, and infrastructure. [TPC, CBPP]
- 11. Lets many wealthy heirs avoid paying the estate tax.** The estate tax is substantially weakened, [losing \\$83 billion](#) and allowing very rich families to inherit wealth tax-free. Under prior law, the tax only applies to estates worth over \$5.5 million per person or \$11 million per couple—about [5,500 estates](#). Under the new law, only estates worth at least \$11 million per person or \$22 million per couple (about [1,800 estates](#)) would pay the tax. [JCT, TPC, CBPP]
- 12. Enriches President Trump and his family.** In addition to cutting the top individual income tax rate and creating a tax break for income from pass-through business entities (of which Trump [owns 500](#)), the law preserves the many existing [tax loopholes for real estate investors](#) and even creates a new one. The law [exempts real estate owners](#) from a provision meant to limit abuse of the new pass-through income deduction. [ITEP] Trump’s exact tax savings are difficult to estimate since he has refused to release his tax returns unlike every other president over the last 40 years—but it is likely to be at least [\\$11 million](#) a year and perhaps as much as \$22 million.