



## 13 TERRIBLE THINGS ABOUT THE SENATE REPUBLICAN TAX PLAN

As of Nov. 22, 2017

- 1. Gives most of the tax cuts to the richest 1%.** The share of tax cuts going to the richest 1% is [62% in 2027](#), up from 18% in 2019. Their tax cut will be \$33,000 in 2027, on average. [Tax Policy Center (TPC)]
- 2. Raises taxes on [87 million middle-class families](#) by 2027 to pay for tax breaks for the wealthy and corporations.** That is one-half of all households making less than \$200,000 a year. 67 million households making less than \$100,000 a year would also pay *more* in taxes after the temporary tax cuts for individuals expire. [TPC and chart below]
- 3. Mandates automatic [Medicare cuts of at least \\$25 billion](#) in 2018 and [\\$400 billion over 10 years](#).** In effect, seniors will pay for tax breaks for corporations and the wealthy as automatic spending cuts are triggered by tax cuts that add \$1.4 trillion to deficits. Automatic cuts will total \$136 billion in 2018 and include cuts to agriculture subsidies, student loans, military retirement and more. [Congressional Budget Office (CBO)]
- 4. Pays for corporate tax cuts by raising health care premiums and leaving millions of families without health coverage.**
  - To raise revenue to pay for permanent corporate tax cuts, the plan repeals a key part of the Affordable Care Act—the requirement for individuals to have health coverage if they can afford it. This will lead to [13 million more people](#) being uninsured and cause a 10% increase in health insurance premiums. [CBO]
  - The corporate tax rate is slashed from 35% to 20%, losing [\\$1.3 trillion](#). That’s nearly equal to the \$1.5 trillion cut the Republican budget makes to [Medicare \(\\$473 billion\) and Medicaid \(\\$1 trillion\)](#). [Joint Committee on Taxation (JCT) and Center on Budget and Policy Priorities (CBPP)]
- 5. Makes corporate tax cuts permanent, but makes tax cuts for individuals and families temporary.** All the tax cuts that benefit the middle-class will expire after 2025, while the corporate tax cuts are permanent. The plan makes permanent changes to the way tax brackets are [adjusted for inflation](#), resulting in a growing tax increase over time. [CBPP]
- 6. Adds \$1.4 trillion to deficits jeopardizing critical services.** The plan includes at least [\\$1.4 trillion in tax cuts](#) that are not paid for by closing loopholes used by the wealthy and corporations. This will balloon the deficit and further endanger funding for Social Security, Medicare, Medicaid, public education and more. [CBPP]
- 7. Puts wealthy business owners over seniors.** Wealthy business owners and investors—including real estate developers like Donald Trump—get a [\\$362 billion tax cut](#) from the effective drop in the top tax rate for “pass-through” business income from 39.6% to 32%. (Pass-throughs include partnerships, S corporations and sole proprietorships, and their owners pay taxes at the individual rate.) By comparison, the Republican budget [cuts Medicare by \\$473 billion](#). [JCT, TPC and CBPP]
- 8. Kills American jobs by encouraging outsourcing and profit shifting.** The plan creates a territorial tax system, which [exempts foreign profits from U.S. taxes](#). While the plan will tax some of those offshore profits, the effective tax rate will be far below the U.S. rate. U.S. multinationals will have even more tax incentives to [outsource more jobs and shift more profits offshore](#).

- 9. Hands a \$565 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 tax plan will [charge them only \\$185 billion](#)—over a half-trillion-dollar discount. [Institute on Taxation and Economic Policy (ITEP) and JCT]
- 10. Repeals the federal deduction for state and local taxes (SALT) hurting the middle class.** [One-third of taxpayers](#) making \$50-75,000 take this deduction for state and local income and property taxes, as do half of those making \$75-100,000. Eliminating SALT will [put pressure on state and local budgets](#), likely forcing cuts to education, health care, and infrastructure. [Government Finance Officers Assoc. and CBPP]
- 11. Helps Donald Trump pay much less in taxes.** The plan repeals the alternative minimum tax (AMT), losing [\\$770 billion](#). Without the AMT, Trump would have paid just a [4% tax rate](#) on \$153 million in income one year. But thanks to the AMT, [he paid \\$38 million](#) for a tax rate of 25%. The Trump family also benefits handsomely from the passthrough loophole and the estate tax cuts. [JCT and New York Times]
- 12. Lets many wealthy heirs avoid paying the estate tax.** The estate tax is substantially weakened, [losing \\$83 billion](#) and allowing more rich families to inherit wealth tax-free. The tax now only applies to estates worth over \$5.5 million per person or \$11 million per couple—about [5,500 estates](#). Under the bill, 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]
- 13. Breaks Trump’s promise to close the “carried interest” loophole benefitting Wall Street.** Remember when candidate Trump [promised to get rid of this loophole](#) that primarily benefits private equity fund managers? The Senate plan keeps it in place. [New York Times]

<b>TAX INCREASES IN 2027 UNDER SENATE TAX PLAN, By Income Level</b>				
<b>Income Range</b>	<b># of Taxpayers</b>	<b>Pct w Tax Increase</b>	<b># With Tax Increase</b>	<b>Avg. Tax Increase</b>
Less than \$10,000	11,720,000	5.8%	679,760	\$30
\$10,000-\$20,000	19,720,000	37.1%	7,316,120	\$60
\$20,000-\$30,000	23,050,000	44.5%	10,257,250	\$120
\$30,000-\$40,000	17,940,000	52.6%	9,436,440	\$140
\$40,000-\$50,000	13,980,000	60.2%	8,415,960	\$140
\$50,000-\$75,000	28,590,000	66.1%	18,897,990	\$140
\$75,000-\$100,000	18,870,000	63.1%	11,906,970	\$140
\$100,000-\$200,000	35,420,000	57.6%	20,401,920	\$200
\$200,000-\$500,000	13,520,000	43.4%	5,867,680	\$440
\$500,000-\$1 million	1,580,000	26.7%	421,860	\$810
More than \$1 million	1,070,000	15.2%	162,640	\$1,010
<b>All</b>	<b>186,640,000</b>	<b>50.3%</b>	<b>93,879,920</b>	<b>\$170</b>
<b>Less than \$100,000</b>	<b>133,870,000</b>	<b>50%</b>	<b>66,910,490</b>	<b>\$127</b>
<b>Less than \$200,000</b>	<b>169,290,000</b>	<b>52%</b>	<b>87,312,410</b>	<b>\$144</b>

Source: Tax Policy Center, Table T-17-0278, Nov. 20, 2017

<http://www.taxpolicycenter.org/model-estimates/senate-tax-cuts-and-jobs-act-passed-committee-finance-nov-2017/t17-0278-major>