



THE SIX WORST FEATURES OF DONALD TRUMP'S TAX PLAN

- 1. Gives huge tax breaks to the rich and corporations, [loses \\$6.2 trillion over 10 years](#),¹ and if paid for will require deep cuts to domestic services.** Three-quarters of lost revenues are from corporate and business tax breaks largely benefitting the rich. The top 0.1% of households, which includes Trump's, get an annual tax cut of about \$1.1 million each. Nearly half (47%) of the tax cuts go to the top 1% of households, which get a tax break of nearly \$215,000 a year. The bottom 20% get a tax cut of just \$110.² Trump's plan will increase the deficit by \$7.1 trillion,³ unless massive cuts are made to benefits and services that working Americans depend on.
- 2. Slashes corporate tax rates by nearly 60%—from 35% to 15%—losing \$2.6 trillion over 10 years.**⁴ Corporations are already dodging their fair share of taxes at a time of record profits. [Only \\$1 out of \\$9 of federal revenue](#) now comes from corporate taxes; it was \$1 out of \$3 sixty-five years ago.⁵
- 3. Gives multinational corporations with profits stashed offshore a tax cut of more than \$550 billion.** Big American corporations hold \$2.5 trillion in earnings offshore on which they [owe more than \\$700 billion in U.S. taxes](#).⁶ Trump cuts the tax rate on those offshore profits from 35% to just 10% on cash and only 4% on non-cash assets, [raising less than \\$150 billion](#).⁷ This would give tax-dodging multinational corporations an undeserved tax break of more than \$550 billion.
- 4. Increases taxes on nearly 9 million families while reducing the top tax rate on the wealthy from about 40% to 33%.** Trump consolidates and lowers tax brackets, costing \$1.5 trillion over 10 years and mostly benefitting the wealthy.⁸ Even as taxes would decline a lot for the rich, they would [increase for 8.7 million](#) mostly low- and middle-income families with children, including more than half of single parents.⁹
- 5. Slashes the top tax rate on hedge funds and other “pass-through” businesses from nearly 40% to 15%, losing \$1.5 trillion.**¹⁰ Many Wall Street firms, law practices and other big-money outfits organize as partnerships or other business entities that allow them to pay their business taxes at individual rates. Trump would cut the tax rate on the owners of these so-called “pass-through entities” by as much as two-thirds, to just 15%. Owners of larger pass-throughs would be taxed at the dividend rate of 20%. These low tax rates are expected to entice half of high-paid wage earners to convert to being treated as pass-through entities providing labor services to their current employers, rather than being paid a salary.¹¹ *Trump is the sole or principal owner of [500 pass-through entities](#).*¹² *He would [personally benefit](#)*¹³ *from this massive tax giveaway that's been appropriately dubbed the “[Trump Loophole](#).”*¹⁴
- 6. Eliminates estate and gift taxes [losing \\$174 billion](#),**¹⁵ in order to boost the inheritances of millionaires and billionaires—which could give Trump's heirs a tax break of billions of dollars. The federal estate tax is only paid by [estates worth at least \\$5.5 million](#), just 1 in 500 estates.¹⁶ The estate tax is a small curb on the accumulation of dynastic wealth and a key tool in reducing economic inequality. *Assuming Trump is worth the \$10 billion he claims, [his heirs could gain billions if his plan is adopted](#).*¹⁷

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- ¹ Tax Policy Center (TPC), “An Analysis of Donald Trump’s Revised Tax Plan” (Oct. 18, 2016), p. 1. <http://www.taxpolicycenter.org/sites/default/files/alfresco/publication-pdfs/2000924-an-analysis-of-donald-trumps-revised-tax-plan.pdf>
- ² TPC, p. 9.
- ³ TPC, p. 8. See “Estimates after macro feedback from TPC Keynesian model.”
- ⁴ TPC, p. 7.
- ⁵ Office of Management and Budget (OMB), Historical Tables, “Table 2.2: Percentage Composition of Receipts by Source”. <https://www.whitehouse.gov/omb/budget/Historicals>
- ⁶ Citizens for Tax Justice, *et al.*, “Offshore Shell Games 2016: The Use of Offshore Tax Havens by Fortune 500 Companies” (Oct. 2016), p. 2. <http://ctj.org/pdf/offshoreshellgames2016.pdf>
- ⁷ TPC, p. 7.
- ⁸ TPC, p. 7.
- ⁹ Lily L. Batchelder, Tax Policy Center, “Families Facing Tax Increases Under Trump’s Tax Plan” (Oct. 28, 2016), p. 1. <http://www.taxpolicycenter.org/sites/default/files/alfresco/publication-pdfs/2000983-Families-Facing-Tax-Increases-Under-Trumps-Plan.pdf>
- ¹⁰ TPC, p. 7. The estimate is based on a flat rate of 15% on pass-through income (\$895 billion) and the shifting of wages and salaries to business income (\$649 billion), less the repeal of certain pass-through business tax expenditures (\$58 billion).
- ¹¹ TPC, pp. 4-5.
- ¹² Letter to Donald Trump from tax attorneys Morgan, Lewis & Bockius (Mar. 7, 2016). https://assets.donaldjtrump.com/Tax_Doc.pdf
- ¹³ *The Washington Post*, “Donald Trump’s New Tax Plan Could Have a Big Winner: Donald Trump’s Companies” (Aug. 10, 2016). <https://www.washingtonpost.com/news/wonk/wp/2016/08/10/donald-trumps-new-tax-plan-could-have-a-big-winner-donald-trumps-companies/>
- ¹⁴ CNN, “Hillary Clinton Slams ‘Trump Loophole’” (Aug. 11, 2016). <http://money.cnn.com/2016/08/11/pf/taxes/hillary-clinton-donald-trump-loophole/>
- ¹⁵ TPC, p. 7. Trump slightly reduces the revenue lost by requiring wealthy heirs to immediately pay capital gains taxes on inherited assets, with a \$10 million exemption.
- ¹⁶ Center on Budget and Policy Priorities, “Ten Facts You Should Know About the Federal Estate Tax” (Sept. 8, 2016). <http://www.cbpp.org/research/ten-facts-you-should-know-about-the-federal-estate-tax>
- ¹⁷ *The Detroit News*, “Clinton: Trump Plan to Ax Estate Tax Saves His Family \$4B” (Aug. 11, 2016). This estimate was based on Trump’s original estate-tax repeal plan, which did not include the taxation of capital gains in larger estates. <http://www.detroitnews.com/story/news/politics/2016/08/10/clinton-warren-economy/88546136/>