



RENEWING THE TRUMP TAX CUTS BENEFITS THE RICH & THREATENS SOCIAL SECURITY, MEDICARE, MEDICAID & MORE

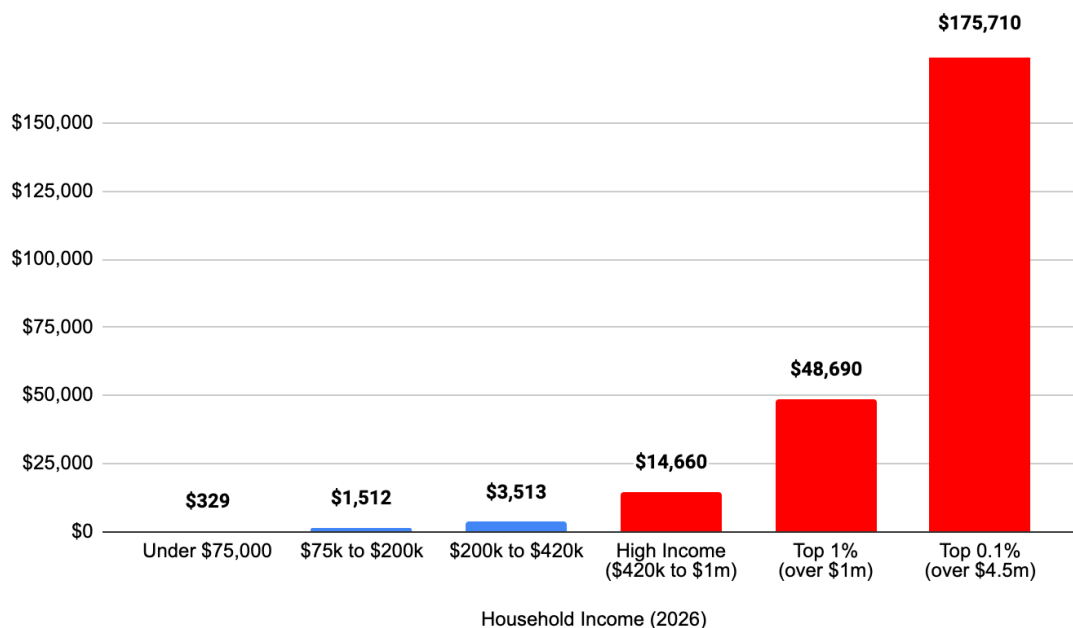
Key parts of the 2017 Trump-GOP tax law, including individual income and estate-tax cuts, will expire at the end of 2025, but [House Republicans want](#) to permanently renew them. In 2017, President Trump and the GOP Congress designed their so-called Tax Cuts and Jobs Act (TCJA) so that major provisions that primarily [affect individuals would expire](#), while those affecting corporations were made permanent. This budgeting trick allowed for massive and permanent tax cuts for corporations, while limiting the increase in the deficit to \$1.5 trillion (though the estimated cost has [increased to \\$1.65 trillion](#) as of February 2023).

Here are four reasons the Trump tax cuts should not be renewed:

1. Renewing the Trump tax cuts overwhelmingly benefits the wealthy and their businesses.

- The top 0.1%, who all have incomes over \$4.5 million, would get [an average tax cut of \\$175,000](#) in the first year (2026) if the Trump tax cuts are renewed (see chart), according to the Tax Policy Center. Those with incomes over \$1 million would get a nearly \$50,000 tax cut.
- Meanwhile, most taxpayers—55%, or 102 million households making less than \$75,000 a year—would get an [average tax cut of just \\$330 a year](#). That’s less than \$1 a day. Households making under \$50,000 a year would get an average tax cut of less than \$200—only about 50 cents a day!

Average Trump Tax Cuts for Wealthy Will Dwarf Those for Working Families



Source: [Tax Policy Center TCJA extensions distributional analysis](#)

2. Renewing the costly Trump tax cuts will explode the deficit, thereby threatening funding for Social Security, healthcare (including Medicare and Medicaid), education, nutrition programs, childcare and other public services vital to working families.

- Renewing the Trump tax cuts would [add \\$3 trillion to federal deficits](#) over 10 years while mostly benefiting the rich, according to the Tax Policy Center.
- This explosion in debt would be used by Republicans as an excuse to **significantly cut Social Security, healthcare (including Medicare and Medicaid), nutrition programs, childcare** and other public services vital to working families.
- Republicans are already [threatening deep cuts](#) to these critical services—citing the need to reduce federal deficits—so it’s outrageous that they would propose to increase deficits with more tax cuts for the wealthy by renewing the Trump tax cuts.
- **Congress should instead raise taxes on the rich and corporations so they pay closer to their fair share**, and use the revenues raised to strengthen Social Security, Medicare, Medicaid and other critical services for working families.

3. Renewing the Trump tax cuts will further widen racial wealth and income gaps.

- White Americans generally earn much higher incomes than people of color and have considerably more wealth as well because of systemic discrimination. Renewing Trump’s tax cuts will worsen these income and wealth disparities because those tax cuts are much larger for most people with higher wages and greater wealth.
- On average, the *annual income* of white families is [two-thirds more than Black families](#) and 50% more than Latino families. The *wealth gap* is much worse: white families on average have more than eight times as much wealth as Black families, over five times as much as Latino families.
- One of the Trump tax breaks that Republicans want to renew allows business owners to deduct 20% of their income before figuring their taxes. Three-fifths (61%) of this loophole’s benefit goes to the [highest-income 1%](#) of business owners. [Nine out of 10 dollars in tax savings](#) from this tax break goes to white business owners.
- If the Trump law is renewed, people who inherit [estates worth more than \\$26 million](#) will owe no estate taxes. This will disproportionately privilege white families who have accumulated much more wealth than Black and Latino families. There were just [1,300 taxable estates](#) in 2020.

4. Polling shows Americans never liked the Trump tax cuts.

- [Dozens of major polls](#) conducted from the fall of 2017 into 2019 show that the Trump tax cuts were opposed by the American people, which is highly unusual for a major tax cut.
- In 2019, the [Gallup polling firm](#) offered an analysis of why the public lacks enthusiasm for the Trump tax cuts. Among the reasons: Americans don’t want the rich and corporations to pay less in taxes, they want them to pay more.

THE RICH & CORPORATIONS SHOULD PAY MORE TAXES, NOT LESS

Congress should oppose renewing the Trump tax cuts for the wealthy and instead significantly raise taxes on the rich and corporations so they pay closer to their fair share. This could raise trillions of dollars in revenue needed to lift up working families by investing in healthcare, childcare, education, nutrition programs, Social Security, paid family and medical leave and more.

Examples of this kind of real tax reform, which would not raise taxes on people making more than \$400,000 a year, have already been [proposed by President Biden](#) or [passed by the House of Representatives](#). They include:

- Raising the corporate tax rate from 21% to 28%—which would still be far below the 35% rate from just six years ago ([raising nearly \\$900 billion](#) over 10 years).
- Imposing a [15% minimum tax on offshore corporate profits](#) and closing other offshore loopholes to stop the outsourcing of jobs and the shifting of profits to tax havens ([\\$500 billion](#)).
- Creating a [Billionaire Minimum Income Tax](#) to stop the scandal of billionaires paying no federal income taxes or paying a lower tax rate than working families pay ([\\$360 billion](#)).
- Taxing the [investment income of the rich](#), such as the profits from selling stocks, at the same rate as workers' wages are taxed; and closing the so-called "[stepped up basis](#)" [loophole](#) that lets rich families dodge taxes on a lifetime's worth of investment income ([\\$300 billion](#)).
- Levying a [Millionaires Surcharge](#): an additional tax of at least 5% tax on incomes over \$10 million, and an extra 3% tax on incomes over \$25 million ([\\$230 billion](#)).
- Assessing a [4% tax on stock buybacks](#) as President Biden has proposed, which would discourage corporations from enriching their top executives and wealthy shareholders instead of using the funds to raise wages or make productive investments (likely more than \$200 billion).
- Closing two loopholes that would require all wealthy business owners to pay one of two taxes—the Net Investment Income Tax (NIIT) or the Self-Employed Contributions Act (SECA)—that both fund public healthcare ([\\$250 billion](#)).

March 2, 2023