



TO: Editorial Writers and Columnists  
FR: Frank Clemente, Executive Director, ATF  
DATE: May 13, 2021

## TAX DAY ARRIVES WITH NEW FOCUS ON CATCHING RICH TAX CHEATS & CLOSING LOOPHOLES

*Biden Would Crack Down on Tax-Evading Wealthy & Big Companies,  
Curb Offshore Corporate Tax Dodging & Tax Wealth Like Work*

WASHINGTON, DC – A welcome new focus from the Biden Administration on catching rich tax cheats and closing tax loopholes makes tax fairness the theme of this year's delayed IRS filing deadline. With wealthy cheats regularly stiffing the American people on huge tax bills, President Biden wants to bolster IRS funding by \$80 billion in order to net \$700 billion in unpaid taxes, the biggest chunk coming from the wealthiest evaders. At the same time, he wants to close loopholes that let the rich and big corporations legally avoid trillions more in taxes. **We urge you to write an editorial or column tied to this year's special tax filing deadline of Monday, May 17, explaining and extolling the Biden Administration's crucial turn to tax fairness.**

### Wrestling With a Rigged Tax Code on Tax Day

As working Americans even up accounts with the IRS this May 17 (delayed from the traditional April 15 by the COVID crisis), big corporations and wealthy individuals continue to dodge paying their fair share.

- The [highest-income 1% are guilty](#) of roughly one-third of total tax evasion—that total amount reaches or [exceeds \\$1 trillion a year](#), according to the IRS commissioner.
- After a year of pandemic misery, 55 corporations that thrived during the crisis [paid zero federal income taxes](#) for 2020, despite over \$40 billion in combined profits.
- Thanks to loopholes and special breaks, the average big corporation paid a tax rate of [just a little over half](#) the rate paid by average working Americans (8% vs. 14%).
- American corporations are charged only about [half the official tax rate on their foreign earnings](#) as they are on their domestic ones, encouraging offshoring of productions, profits and jobs.
- 650 U.S. billionaires saw their total [wealth increase by 55%](#), or \$1.6 trillion during the first 13 months of the pandemic—enough to pay for nearly two-fifths (38%) of the [\\$4.2 trillion cost](#) of President Biden's two investment plans. Yet, billionaires living off millions of dollars of investment income can pay a [lower long-term capital gains tax rate than middle-class workers](#) like teachers, nurses and truck drivers pay on their wages.
- A big source of investment income—capital gains—are [not taxed at all when inherited](#). If the owner of an investment that's gone up in value dies before selling it, no capital gains tax is ever due on that gain. The jump in value simply disappears for tax purposes.

The wealth of the world's richest person—Jeff Bezos, [worth some \\$180 billion](#)—is based on his Amazon stock, which he [acquired for close to nothing](#) as the company's founder. Under current law, however many tens or hundreds of billions of dollars in gains he eventually passes along to his heirs will never be taxed.

### Pandemic Spotlighted Income Inequality, Need for Well-Funded Public Services

The COVID crisis revealed how the nation's yawning income and wealth gaps—gaps made wider by our rigged tax system—are not only unfair but can be deadly. [Billionaires quarantined on yachts](#) as their [wealth skyrocketed](#), while grocery clerks rode crowded buses to work and ER nurses struggled to save lives.

[Well-funded government action](#) avoided an economic collapse and produced a [U.S. vaccination rollout that leads the world](#). Americans are looking to the federal government for continued leadership to help us fully recover from the crisis and build a stronger, fairer, more stable economy. President Biden has proposed [investing \\$4.2 trillion](#) to:

- Fix roads, bridges, water systems, and more
- Boost working-family incomes with an expanded Child Tax Credit and EITC
- Improve education from pre-K through college, including free community college
- Support caregiving of children and family members who are older or disabled
- Make healthcare more affordable
- Provide decent affordable housing; and much more

### Biden's Plans to Fix Our Tax System

President Biden has proposed tax reforms that would [raise \\$3.6 trillion](#) exclusively from corporations **and from households making over \$400,000 a year**. His plan would:

- Boost IRS funding by \$80 billion over 10 years to improve enforcement and strengthen reporting requirements, which let millions of people under-report their non- W2 earnings. This could capture \$700 billion in taxes—mostly from the rich and corporations—that would otherwise be illegally evaded.
- Restore half the 40% cut in the corporate tax rate made by 2017's Trump-GOP tax law, which lowered the rate from 35% to 21%. Biden would move it up to 28%, in line with the corporate tax rate of [other advanced economies](#). The worldwide average statutory corporate income tax rate, measured across 177 jurisdictions, is 23.85%, and when weighted by GDP it's 25.85%.
- Reduce the nearly half-off U.S. tax discount on the foreign profits of American corporations (now 21% vs. roughly 10.5%) and [eliminate tax incentives to shift](#) not only profits but production and jobs offshore.
- For those making over \$1 million a year, eliminate the half-off tax discount on capital gains and dividends so these lucky few—[just 0.3% of all taxpayers](#)—face the same tax rate on income from wealth as they do on income from work.
- Close the loophole—known as “step up”—that allows the wealthy to avoid paying taxes on investment gains for their entire life. The plan would only apply to gains over \$1 million per individual, \$2 million per couple (\$2.5 million per couple when combined with existing real estate exemptions).

### Broad Public Support for Reform—And No Fear on Wall Street

[Poll after poll](#) shows Americans across the political spectrum are clamoring for the rich and corporations to pay their fair share of taxes.

And contrary to false Republican alarms, Wall Street experts know President Biden’s plans for fairer taxes—especially when paired with smart public investments—are [no threat to the stock market](#) or broader economy. Typical commentary:

- “Raising taxes on corporations and the well-to-do next year is not going to dent the economy’s growth rate in any meaningful way” (Moody’s Analytics)
- “Stocks are pricing in the good news around infrastructure and showing ‘little concern about tax hikes’” (Goldman Sachs Group)
- “Longer term, [we see little impact](#) from a prospective capital gains tax rate increase on risk taking and investors’ attitude toward equities as an asset class....” (JPMorgan Chase)

### A Chance for a Fairer Tax System by Next Tax Day

Congress has a historic chance this year to reform our rigged tax system so that rich tax cheats no longer go scot-free; multinational corporations pay their fair share of taxes and stop hiding profits and shipping jobs offshore; income from wealth is taxed like work; and trillions of dollars are raised exclusively from the wealthy and corporations to help pay for vital investments in America’s working families and communities.

If we continue making progress against COVID-19, when Tax Day rolls around next year it will fall on the traditional date of April 15. And if Congress makes progress on tax fairness this year based on President Biden’s proposals, a lot of the tax evasion and avoidance by the rich and corporations that’s sadly also been a tradition will have finally come to an end.