



OPTIONS TO ACHIEVE FAIR TAXES NOW

This first table contains all of the tax reform proposals contained in the ATF report [Fair Taxes Now: Revenue Options for a Fair Tax System](#) (or at <http://bit.ly/2KEk4bZ>). Some options stand on their own; others provide lower or higher revenue options within a tax category. As such, they are not to be added up as an entire package. Moreover, an option in one category can have an interactive effective with an option in another category, which would affect the revenue raised if they were part of the same tax-reform proposal. Not including double-counting, the maximum revenue estimated in the table below is roughly \$10 trillion.

OPTIONS TO ACHIEVE FAIR TAXES NOW		
	10-Year Estimate LOW \$ Billions	10-Year Estimate HIGH \$ Billions
INDIVIDUAL TAXES		
TAX EXTREME WEALTH		
1. Assess an annual tax on extreme wealth. Proposals range from a 1% tax on the net worth of the richest 0.1%, 2% on people worth \$50 million and 3% on billionaires. (Sources: Institute on Taxation and Economic Policy (ITEP); economists Saez & Zucman for Sen. Warren)	1,300	2,750
REFORM THE TAXATION OF CAPITAL GAINS		
2. Tax investment gains using a mark-to-market approach or deferral charges. Require wealthy taxpayers to pay tax on annual investment gains, whether realized or not. Lower estimate would only tax stock market gains. (ITEP; tax lawyer David Miller)	2,000	2,000
3. Reform existing capital gains taxes. According to ITEP, all four of the reforms below would need to be adopted as a package to forestall tax avoidance and raise the \$2.4 trillion; the lower amounts could be raised through adoption of individual items identified below.	500	2,400
A. Increase tax rates on dividends and long-term capital gains (\$70 billion to \$1.5 trillion). Proposals range from raising the rates by 2 percentage points each, doing that in conjunction with lower bracket thresholds, and fully equalizing rates with those on regular income. (Congressional Budget Office (CBO); ITEP)		
B. Tax capital gains at death and upon other transfers (\$400 to \$780 billion). Higher estimate would tax asset appreciation upon the owner's death. Lower estimate would not tax assets at death but would prevent investment gains passed to heirs from disappearing for tax purposes. (Joint Committee on Taxation (JCT); ITEP)		
C. Reform derivatives valuations: mark to market (\$19 billion). Requires investors to pay taxes on annual investment gains only for derivatives. (CBO)		
D. Completely close the "like-kind exchange" loophole (\$22 to \$134 billion). Applies a TCJA reform to real estate by requiring capital gains taxes to be paid when an asset is sold for a profit, rather than exchanged with a similar asset to indefinitely delay paying taxes. (JCT; ITEP)		
RAISE TAX RATES ON INCOME OF THE WEALTHY		
4. Assess a surtax on annual incomes of the wealthy. Low estimate applies a 5.5% surtax on AGI above \$1 million for couples (\$500,000 for singles). (CBO; JCT) Higher estimate applies a 10% surtax on AGI above \$2.9 million. (EPI)	500	800
5. Raise top individual income tax rates. Lower estimate would raise the top marginal income tax rate from 37% to 39.6% (JCT for Senate Democrats' 2018 infrastructure plan). Higher estimate is a 70% rate on incomes of \$10 million or more (Penn Wharton Budget Model for Rep. Ocasio-Cortez).	128	353
6. Restore the individual Alternative Minimum Tax (AMT) to pre-TCJA levels. Ensures that wealthier taxpayers pay at least a minimally acceptable level of tax. (JCT for Senate Democrats' 2018 infrastructure plan)	425	425

	10-Year Estimate LOW \$ Billions	10-Year Estimate HIGH \$ Billions
ESTATE, GIFT & INHERITANCE TAXES		
7. Restore estate, gift and GST taxes to pre-TCJA parameters. Applies a 40% tax on estates valued at \$5.5 million/single and \$11 million /couple. (JCT for Senate Democrats' 2018 infrastructure plan)	82	82
8. Restore estate, gift and GST taxes to 2009 parameters. Applies a 45% tax on estates of \$3.5 million or more and on gifts of over \$1 million. (Treasury Department)	202	202
9. Further strengthen the estate tax. Various proposals, all with a \$3.5 million exemption and a sliding rate scale, ranging from the lowest bottom rate of 45% to the highest top rate of 77% for a \$1 billion estate. (ITEP; Moody's Analytics for Sen. Warren)	336	400
10. Close the "GRAT" estate and gift tax loophole. Lengthen the minimum term of the trust and increase the presumed value of original assets. (Treasury Department)	19	19
11. Replace estate and gift taxes with an inheritance tax. Requires people who inherit wealth to pay similar tax rates as people who work. Tax exemptions range from \$1.25 to \$2.1 million and tax surcharges range from 10% to 15%. (NYU law school professor Lily Batchelder and Washington Center for Equitable Growth)	199	670
CURB RETIREMENT TAX BREAKS DISPROPORTIONATELY BENEFITING THE WEALTHY		
12. Curb deferral of taxes on income from annuities and life insurance policies. Taxes investment income from these products like other investment income. (CBO)	210	210
13. Reduce limits on annual contributions to retirement plans. Applies to 401(k) and IRA limits affecting higher-income workers. (CBO)	103	103
14. Limit tax-favored retirement account balances of the wealthy. (CBO, Treasury Dept.)	4	30
BUSINESS TAXES		
15. Repeal 20% deduction for certain business income. Eliminates the TCJA's partial income deduction for "pass-through" businesses. Estimate is revenue lost from tax break, not revenue gained. (JCT)	387	387
16. Reform expensing and depreciation tax breaks. (See Corporate Taxes section)	NA	NA
17. Reform how businesses account for advertising expenses. (See Corporate Taxes section)	NA	NA
18. Close loopholes allowing some wealthy business owners to avoid taxes that fund healthcare programs. To support Medicare and the Affordable Care Act, apply a 3.8% Medicare tax to all business profits of high-income taxpayers and ensure owners of professional services businesses pay self-employment taxes. (CBO; Treasury Department)	163	236
19. Tax carried interest as regular income. (JCT for Senate Democrats' 2018 infrastructure plan; CBO)	12	14
20. Close real estate tax loopholes. All figures are revenue lost not gained. (JCT for Government Reform Committee)		
A. End special qualifying rules for pass-through income deduction and application of those special rules to REIT dividends.	29	29
B. Eliminate like-kind exchanges for real estate. (Also listed under Option 3.D.)	22	22
C. End unlimited interest deductions.	16	16

	10-Year Estimate LOW \$ Billions	10-Year Estimate HIGH \$ Billions
CORPORATE TAXES		
21. Raise the corporate income tax rate. Each percentage point increase from current 21% rate raises \$96 billion. Estimates are for rates of 25% and 35%. (JCT for Senate Democrats' 2018 infrastructure plan; CBO)	359	1,300
22. Impose a 7% surtax on reported corporate profits that exceed \$100 million. (Economists Saez and Zucman for Sen. Warren)	1000	1,000
23. Remove tax incentives promoting corporate outsourcing and profit shifting. No official revenue estimate but it is believed could raise hundreds of billions of dollars.	NA	NA
24. Reform expensing and depreciation tax deductions. Limits or ends the ability of businesses to gain tax benefits by writing off the cost of capital investments faster than they wear out (known as full expensing or bonus depreciation). (Revenue lost estimate by ATF based on CBO and JCT estimates.)	293	293
25. Reform how businesses account for advertising expenses. Requires businesses to write off half their advertising expenses over time, rather than deduct them all in the year incurred. (CBO)	63	132
26. Further limit deductibility of interest on business debt.	NA	NA
27. End manipulation of inventory accounting. LIFO & LCM. End "Last-In, First-Out" (LIFO) & "Lower of Cost or Market" (LCM). (CBO)	58	58
28. Repeal tax breaks for fossil fuels. (CBO; JCT; Treasury Department)	10	10
29. Fully close bonus pay loophole not completely closed by TCJA. Prevents corporations from deducting cost of executive pay over \$1 million. (JCT)	20	20
30. Close stock option loophole. Prevents corporations from lowering taxes by claiming higher costs for paying executives with stock options. (JCT)	25	25
31. Place a fee on liabilities of large financial institutions. Applies a 0.15% tax on uninsured liabilities of banks with at least \$50 billion in assets. (CBO)	103	103
OTHER REVENUE SOURCES		
32. Create a Financial Transactions Tax. Assesses a 0.1% tax on stock, bond and derivatives trades, which would also help curb market volatility. (CBO)	777	777
33. Assess a carbon tax to address climate change. Proposals range from \$25 to \$70 per metric ton. (CBO; Treasury Department)	1,100	2,200
34. Raise the motor fuels tax. Increase it by 35 cents a gallon and index for inflation. (CBO)	515	515
35. Standardize and raise alcohol taxes. Tax all alcoholic beverages, regardless of type, at \$16 per proof gallon (currently rates vary by type of beverage), with the tax indexed to inflation. (CBO)	83	83
36. Raise tobacco taxes. Estimate is a net figure that includes reduced healthcare spending. (CBO)	42	42
37. Increase IRS enforcement funding. Estimate is the net revenue gain after \$20 billion in increased expenses. (CBO)	35	35

OPTIONS TO AMEND OR REPEAL TRUMP-GOP TAX CUTS FOR THE RICH & CORPORATIONS

The following are provisions from the Tax Cuts and Jobs Act that we recommend repealing. They largely if not exclusively benefit corporations and the wealthiest individuals and businesses. The total revenue raised is greater than the roughly \$1.5 trillion in TCJA tax cuts (\$1.9 trillion counting interest costs) because revenue-raising provisions of the TCJA (e.g., revenue generated by the transition tax on offshore profits) are not proposed to be repealed.

OPTIONS TO AMEND OR REPEAL TRUMP-GOP TAX CUTS FOR THE RICH & CORPORATIONS		
	10-Year Estimate LOW \$ Billions	10-Year Estimate HIGH \$ Billions
INDIVIDUAL TAXES		
1. Return top individual income tax rate to 39.6% from 37%. (JCT for Senate Democrats' 2018 infrastructure plan)	128	128
6. Restore the individual Alternative Minimum Tax (AMT) to pre-TCJA levels. Ensures that wealthier taxpayers pay at least a minimally acceptable level of tax. (JCT for Senate Democrats' 2018 infrastructure plan)	425	425
7. Restore estate, gift and GST taxes to pre-TCJA parameters. Applies a 40% tax on estates valued at \$5.5 million/single and \$11 million /couple. (JCT for Senate Democrats' 2018 infrastructure plan)	82	82
SUBTOTAL	635	635
BUSINESS TAXES		
15. Repeal 20% deduction for certain business income. Eliminates the TCJA's partial income deduction for "pass-through" businesses. Estimate is revenue lost from tax break, not revenue gained. (JCT)	387	387
20. Close real estate tax loopholes. All figures are revenue lost not gained. (JCT for Government Reform Committee)		
A. End special qualifying rules for pass-through income deduction and application of those special rules to REIT dividends.	29	29
B. Eliminate like-kind exchanges for real estate.	22	22
C. End unlimited interest deductions.	16	16
SUBTOTAL	454	454
CORPORATE TAXES		
21. Raise the corporate income tax rate. Each percentage point increase from current 21% rate raises \$96 billion. Estimates are for rates of 25% and 35%. (JCT for Senate Democrats' 2018 infrastructure plan; CBO)	359	1,300
23. Remove tax incentives promoting corporate outsourcing and profit shifting. No official revenue estimate but it is believed could raise hundreds of billions of dollars.	NA	NA
24. Reform expensing and depreciation tax deductions. Limits or ends the ability of businesses to gain tax benefits by writing off the cost of capital investments faster than they wear out (known as full expensing or bonus depreciation). (Revenue lost estimate by ATF based on CBO and JCT estimates.)	293	293
26. Further limit deductibility of interest on business debt.	NA	NA
SUBTOTAL	652	1,593
TOTAL	1,741	2,682

SAMPLE MID-LEVEL & HIGH-LEVEL REVENUE OPTIONS

The following are progressive tax-reform options that target corporations and the wealthiest individuals and businesses. They are a combination of TCJA tax cuts to repeal, old tax loopholes that the TCJA never closed (and in some cases made worse), and new revenue sources.

SAMPLE MID-LEVEL & HIGH-LEVEL REVENUE OPTIONS		
	Mid-Level 10-Year Estimate \$ Billions	High-Level 10-Year Estimate \$ Billions
INDIVIDUAL TAXES		
TAX EXTREME WEALTH		
1. & 2. Assess either an annual tax on extreme wealth or tax investment gains using a mark-to-market (MTM) approach or deferral charges. Wealth tax on the richest 0.1% would be set at 2% on people worth \$50 million and 3% on billionaires. MTM would require wealthy taxpayers to pay tax on annual investment gains, whether realized or not. Even with an MTM approach, a more modest wealth tax could be created to tax existing assets. (Sources: ITEP; tax lawyer David Miller; economists Saez & Zucman for Sen. Warren)		2,400
REFORM THE TAXATION OF CAPITAL GAINS		
3. Reform existing capital gains taxes. The estimates below assume items would be adopted on an individual basis, as opposed to an integrated package to minimize tax avoidance.		
A. Increase tax rates on dividends and long-term capital gains (\$70 billion to \$1.5 trillion). Proposals range from raising the rates by 2 percentage points each, doing that in conjunction with lower bracket thresholds, and fully equalizing rates with those on regular income. (Congressional Budget Office (CBO); ITEP)	70	
B. Tax capital gains at death and upon other transfers (\$400 to \$780 billion). Higher estimate would tax asset appreciation upon the owner's death. Lower estimate would not tax assets at death but would prevent investment gains passed to heirs from disappearing for tax purposes. (Joint Committee on Taxation (JCT); ITEP)	400	
C. Reform derivatives valuations: mark to market (\$19 billion). Requires investors to pay taxes on annual investment gains only for derivatives (CBO).	19	
D. Completely close the "like-kind exchange" loophole (\$22 to \$134 billion). Applies a TCJA reform to real estate by requiring capital gains taxes to be paid when an asset is sold for a profit, rather than exchanged with a similar asset to indefinitely delay paying taxes. (JCT; ITEP)	22	
RAISE TAX RATES ON INCOME OF THE WEALTHY		
5. Raise top individual income tax rates. Lower estimate would raise the top marginal income tax rate from 37% to 39.6% (JCT for Senate Democrats' 2018 infrastructure plan). Higher estimate is a 70% rate on incomes of \$10 million or more (Penn Wharton Budget Model for Rep. Ocasio-Cortez).	128	353
6. Restore the individual Alternative Minimum Tax (AMT) to pre-TCJA levels. Ensures that wealthier taxpayers pay at least a minimally acceptable level of tax. (JCT for Senate Democrats' 2018 infrastructure plan)	425	
ESTATE, GIFT & INHERITANCE TAXES		
8. Restore estate, gift and GST taxes to 2009 parameters. Applies a 45% tax on estates of \$3.5 million or more and on gifts of over \$1 million. (Treasury Department)	202	
11. Replace estate and gift taxes with an inheritance tax. Requires people who inherit wealth to pay similar tax rates as people who work. Tax exemptions range from \$1.25 to \$2.1 million and tax surcharges range from 10% to 15%. (NYU law school professor Lily Batchelder and Washington Center for Equitable Growth)	199	670

	Mid-Level 10-Year Estimate \$ Billions	High-Level 10-Year Estimate \$ Billions
CURB RETIREMENT TAX BREAKS DISPROPORTIONATELY BENEFITING THE WEALTHY		
12. Curb deferral of taxes on income from annuities and life insurance policies. Taxes investment income from these products like other investment income. (CBO)	210	210
13. Reduce limits on annual contributions to retirement plans. Applies to 401(k) and IRA limits affecting higher-income workers. (CBO)	103	103
14. Limit tax-favored retirement account balances of the wealthy. (CBO, Treasury Dept.)	30	30
SUBTOTAL	1,609	3,766
BUSINESS TAXES		
15. Repeal 20% deduction for certain business income. Eliminates the TCJA's partial income deduction for "pass-through" businesses. Estimate is revenue lost from tax break, not revenue gained. (JCT)	387	387
17. Reform how businesses account for advertising expenses. (Accounted for under Option 25)		
18. Close loopholes allowing some wealthy business owners to avoid taxes that fund healthcare programs. To support Medicare and the Affordable Care Act, apply a 3.8% Medicare tax to all business profits of high-income taxpayers and ensure owners of professional services businesses pay self-employment taxes. (CBO; Treasury Department)	163	163
19. Tax carried interest as regular income. (JCT for Senate Democrats' 2018 infrastructure plan; CBO)	14	14
20. Close real estate tax loopholes. (All figures are revenue lost not gained from JCT for Government Reform Committee.)		
A. End special qualifying rules for pass-through income deduction and application of those special rules to REIT dividends.	29	29
B. Eliminate like-kind exchanges for real estate. (Also listed under Option 3.D. so not counted here.)		
C. End unlimited interest deductions.	16	16
SUBTOTAL	609	609

	Mid-Level 10-Year Estimate \$ Billions	High-Level 10-Year Estimate \$ Billions
CORPORATE TAXES		
21. Raise the corporate income tax rate from 21% to 28% and to 35%. (CBO)	675	1,300
23. Remove tax incentives promoting corporate outsourcing and profit shifting. No official revenue estimate but it is believed could raise hundreds of billions of dollars.	NA	NA
24. Reform expensing and depreciation tax deductions. Limits or ends the ability of businesses to gain tax benefits by writing off the cost of capital investments faster than they wear out (known as full expensing or bonus depreciation). (Revenue lost estimate by ATF based on CBO and JCT estimates.)	293	293
25. Reform how businesses account for advertising expenses. Requires businesses to write off half their advertising expenses over time, rather than deduct them all in the year incurred. (CBO)	63	132
26. Further limit deductibility of interest on business debt.	NA	NA
27. End manipulation of inventory accounting, LIFO & LCM. End "Last-In, First-Out" (LIFO) & "Lower of Cost or Market" (LCM). (CBO)	58	58
28. Repeal tax breaks for fossil fuels. (CBO; JCT; Treasury Department)	10	10
29. Fully close bonus pay loophole not completely closed by TCJA. Prevents corporations from deducting cost of executive pay over \$1 million. (JCT)	20	20
30. Close stock option loophole. Prevents corporations from lowering taxes by claiming higher costs for paying executives with stock options. (JCT)	25	25
31. Place a fee on liabilities of large financial institutions. Applies a 0.15% tax on uninsured liabilities of banks with at least \$50 billion in assets. (CBO)	103	103
SUBTOTAL	1,247	1,941
OTHER REVENUE SOURCES		
32. Create a Financial Transactions Tax. Assesses a 0.1% tax on stock, bond and derivatives trades, which would also help curb market volatility. (CBO)		777
37. Increase IRS enforcement funding. Estimate is the net revenue gain after \$20 billion in increased expenses. (CBO)	35	35
SUBTOTAL	35	812
TOTAL	3,500	7,128