

# THE TRUMP-GOP TAX PLAN: TAX CUTS FOR THE WEALTHY... AND GUESS WHO PICKS UP THE TAB?



# UPDATE

## ON LATEST DEVELOPMENTS



- House GOP released its proposed tax plan last Thursday
- The House tax committee (Ways and Means) began debating it today
- Senate will release its tax plan this Thursday
- Ways & Means plans to vote on House plan next week
- Plan is for full House to vote on its version before Thanksgiving
- Goal is to reconcile with Senate & send to Trump before Christmas
- Very ambitious schedule
- Last major tax overhaul, completed in 1986, took 18 months to accomplish what Republicans want to do in seven weeks
- Authors of the plan are acting fast in hopes of passing it before the opposition can effectively organize

# BREAKING DOWN THE GOP PLAN

- THE BIG PICTURE: Tax cuts for the top 1% and wealthy corporations, paid for by slashing funding for Medicare, Medicaid, education and other vital public services.



# THIS IS NOT TAX “REFORM”—THIS IS A BIG TAX CUT FOR THE WEALTHY & CORPORATIONS

- Real reform would ensure everyone paid their fair share while raising enough revenue to pay for all the important functions of government.
- This plan is not tax “reform.” It’s a massive tax cut mostly for the richest 1% and wealthy corporations accompanied by deep cuts to healthcare, education and other priorities for our families.
- It will add to the national debt by \$1.5 trillion. This will in turn increase pressure for additional cuts to priorities like Social Security, Medicare, Medicaid, and education in the future.



# WEALTHIEST GET THE LION'S SHARE OF THE TAX CUTS

- Richest 1% receive nearly a third of tax cuts in first year—almost half the cuts after 10 years.
- The Top 1%'s big gain from the tax cuts does not simply reflect their current share of taxes: under the House bill, the wealthy would get 31% of the tax cuts in 2018, a higher share than they pay in federal taxes.
- Number of middle class facing tax hikes increases with time, as middle-income tax breaks expire.





# PAYING FOR HIGH-END TAX CUTS WITH MIDDLE-CLASS TAX *HIKES*

- The plan gives most of the tax cuts to the richest 1%, while increasing taxes on millions of seniors and working families who can least afford it.
  - Eliminates the \$4,000 personal exemption that middle-income taxpayer can currently take for each member of the family.
  - State and local income taxes no longer deductible
  - For many middle-income families—especially bigger ones—the proposed increase in the standard deduction and in child credits (scheduled to expire), and including changes in tax brackets, will not be enough to cover the elimination of these breaks.



# A BONANZA FOR BIG BUSINESS, WHILE WORKERS LOSE OUT

**Wealthy corporations and rich businesses get a huge tax cut, and corporations are encouraged to outsource American jobs and shift profits offshore.**

- By slashing the tax rate on foreign profits, the plan encourages wealthy corporations to outsource jobs and shift profits offshore. (It's unclear whether special taxes meant to prevent offshore tax-haven abuse will work.)
- The plan also slashes taxes owed by corporations on their \$2.6 trillion in accumulated offshore profits—cutting their tax rate from 35% to 12%, and handing those companies a half-trillion dollar tax cut.
- The plan creates a special low tax rate for wealthy business owners like Donald Trump, but people who work for a salary or hourly wage aren't eligible.



# PERHAPS NO HUGE SURPRISE: ONE OF THE BIGGEST WINNERS WOULD BE...DONALD TRUMP!



## 3 PROVISIONS ESPECIALLY BENEFIT HIM & HIS FAMILY:

### 1. Cut in the pass-through business tax rate

- The Trump Organization consists of over 500 pass-through entities
- He's undoubtedly among the tiny number of wealthy pass-through owners who pay at the top 40% rate, and thus get the biggest cut

### 2. Elimination of the alternative minimum tax

- Though sometimes a headache for middle-class taxpayers, performs its task of preventing very wealthy from exploiting too many loopholes
- One year it's all that stood between Trump paying only 4% tax rate on \$150 million in income

### 3. Repeal of estate tax (after 6 years)

- If he's really worth the \$10 billion he claims, his family will increase its inheritance by billions of dollars



# TRUMP-GOP TAX & SPENDING PRIORITIES

<b>Trump-GOP Tax Giveaways</b> (Tax Cut Costs Over 10 Years) <i>(Items exceed total due to offsetting tax hikes)</i>	<b>Harm to Working Families</b> (Senate Budget Cuts Over 10 Yrs.) <i>(Same items included in different configurations)</i>
<b>\$1.5 trillion:</b> Total cost of GOP's unpaid-for tax cuts, mostly for the wealthy and corporations	<b>\$5.8 trillion:</b> Total Senate budget cuts to Medicare, Medicaid, education and other public services
<b>\$1.5 Trillion:</b> Corporate tax rate cut	<b>\$4.1 trillion:</b> Cut to Medicare, Medicaid and other "mandatory" programs
<b>\$1.1 Trillion:</b> Tax cut from changing individual income tax rates, mostly benefitting the rich	<b>\$800 billion:</b> Cut to education, medical research, job training, housing, EPA, infrastructure and other non-defense "discretionary" services
<b>\$530 billion:</b> Discount on accumulated offshore corporate profits	<b>\$473 billion:</b> Cut to Medicare

**DON'T CUT  
MEDICAID  
TO GIVE TAX BREAKS  
TO THE RICH**

A photograph of a flooded street in Houston, Texas, after Hurricane Harvey. The water is murky and deep, reaching up to the windows of some cars and the roofs of others. Several people are wading through the water, some carrying items. A white pickup truck is partially submerged. In the background, there are trees and buildings. The sky is overcast.

What it costs:  
Rebuilding Texas **\$180 BILLION**

The taxes these companies owe on  
their offshore profits:

Apple **\$72 BILLION**

Microsoft **\$40 BILLION**

Oracle **\$13 BILLION**

& 56 other  
companies **\$100 BILLION**

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**\$225 BILLION**

#PayWhatTheyOwe

AMERICAN FOR  
Tax Fairness





To help pay for his \$5 TRILLION tax giveaway to  
billionaires & large corporations...

**TRUMP'S BUDGET CUTS:**

**-\$976 MILLION**

Army Corps of Engineers

**-\$767 MILLION**

FEMA

**-\$190 MILLION**

National Flood Insurance Program

**-\$62 MILLION**

National Weather Service

Seems relevant...

# THE “PARADISE PAPERS” AND THE GOP TAX PLAN

- Documents leaked that disclose offshore tax avoidance strategies of wealthy individuals and corporations, many American
- Top Trump economic advisers included among U.S. nationals
- Apple and Nike among American corporations
- Since GOP tax plan would continue to allow American firms to dodge U.S. taxes through offshore schemes, this scandal could impact debate





# ABOUT THAT \$4,000...

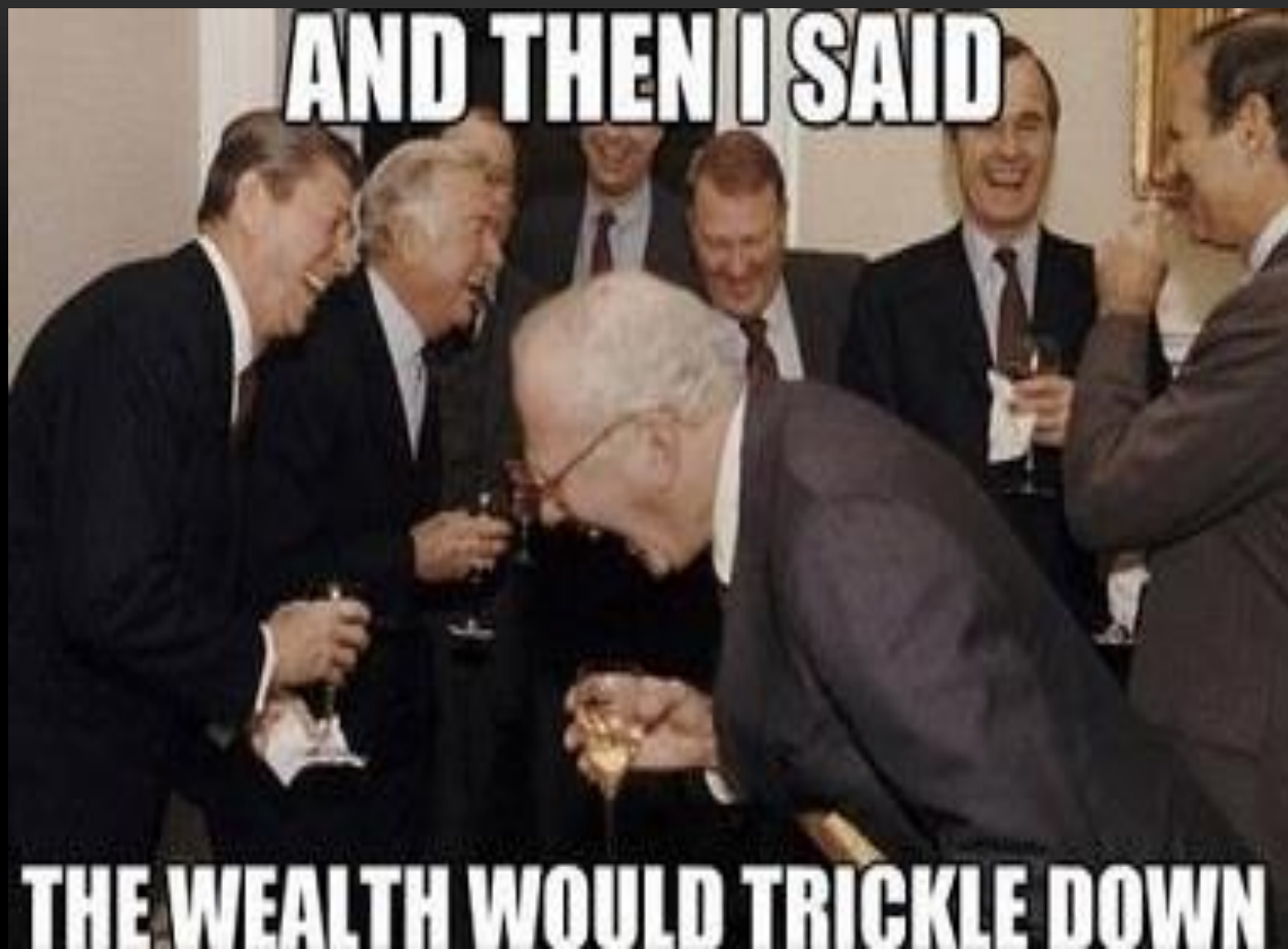
- Tax plan authors claim that middle-class and working families will ultimately benefit from tax cuts slanted towards the top 1% and big corporations, because high-end tax cuts will spur the economy, create jobs and raise wages.
- Trump's top economic adviser went to so far as to claim workers would get an average \$4,000 effective wage hike. (His study supporting this claim has been widely discredited.)

In other words, despite having been disproved in actual practice for 35 years, “trickle-down” economics is back again!



**AND THEN I SAID**

**THE WEALTH WOULD TRICKLE DOWN**



# WHY THERE WON'T BE A TRICKLE DOWN EFFECT

- Corporate profits are near record highs; corporate taxes are at record lows
  - Tax cuts for the rich and corporations create few jobs compared with investing in education, healthcare and infrastructure
  - U.S. corporations are not overtaxed: many don't pay their fair share now – or pay anything
  - Corporate taxes are not discouraging investments and job creation: corporations are awash in profits but demand is slack
  - Kansas: slashed taxes; slow growth and budget crisis
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# BIG CHALLENGES FACE GOP TAX CUTTERS



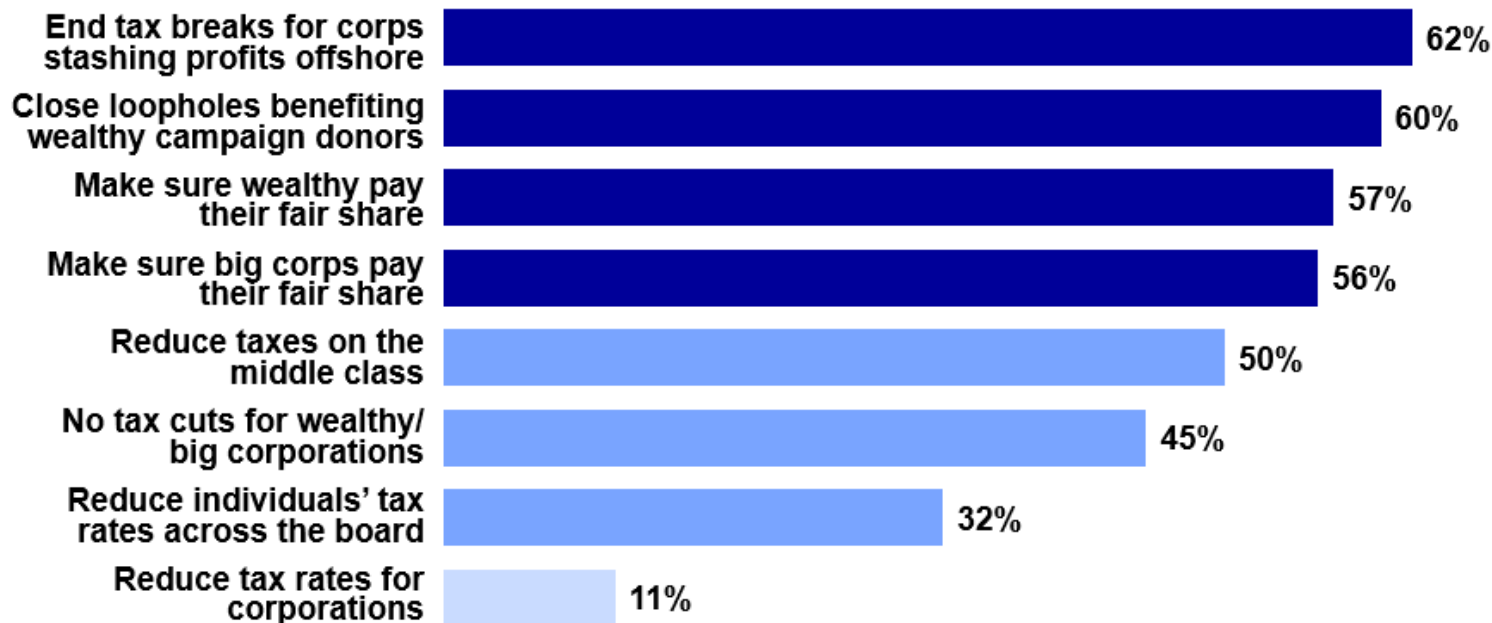
- **Polls:** Most Americans strongly oppose their agenda.
- They'll feel pressure to pay for tax cuts, **not increase deficit.**
- **Divisions among Republicans:** deficit hawks; hardline tax cutters; moderates concerned about cuts to public services.
- **Wild Card of Donald Trump:** Who knows what he will do?
- **Divisions among corporations:** tax loopholes to close: domestic vs. multinational; big vs. small.
- **If opposition stays united, could end** like health care debate.

# POLLING SHOWS AMERICANS DON'T SUPPORT THE PRIORITIES OF THIS TAX PLAN

## Voters' Tax Priorities: Corporations and Wealthy Paying Fair Share

HART  
RESEARCH

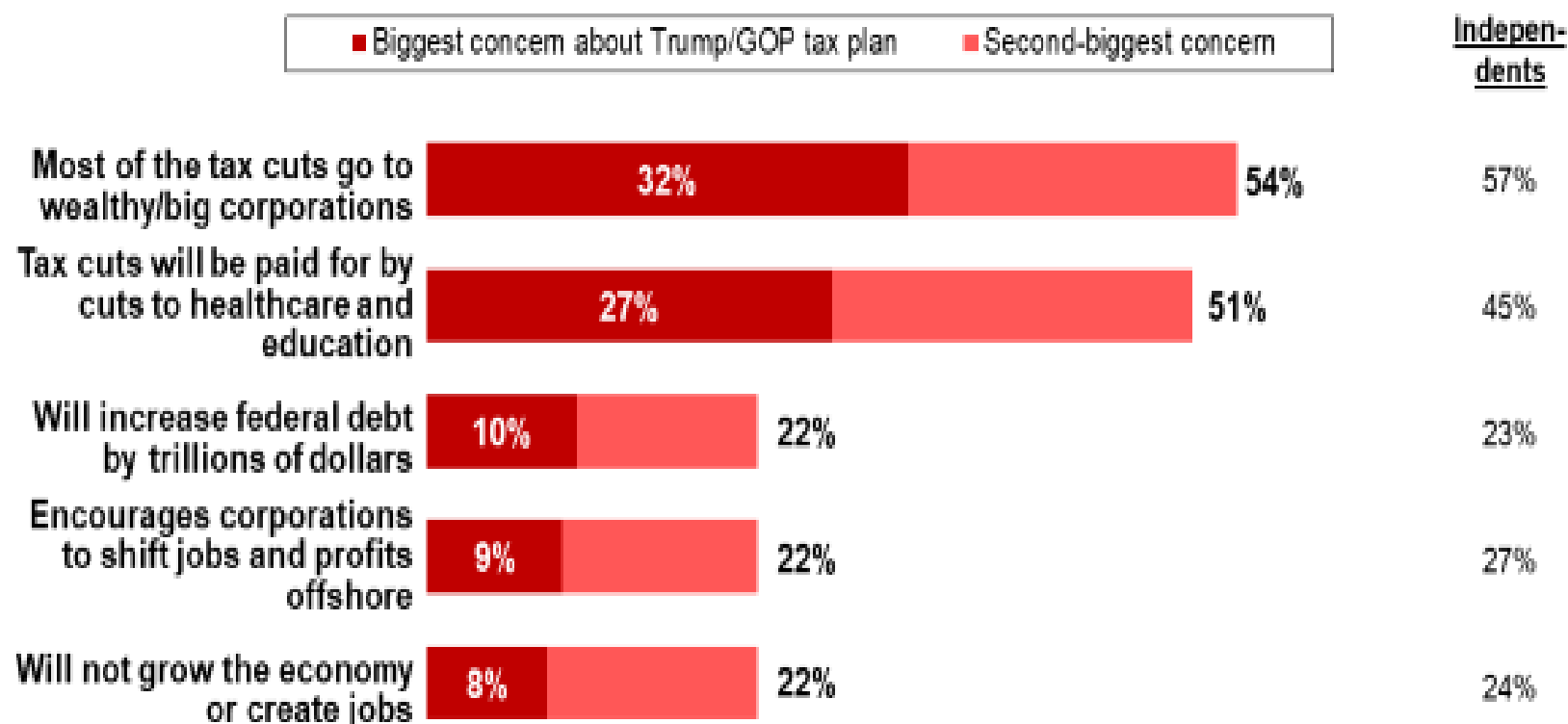
*Proportions rating each as extremely important \**



\* 9-10 ratings on zero-to-10 scale



# Top Initial Concerns About Plan: Tax Cuts for Wealthy/Corps, Cuts to Healthcare and Education



# Americans Want Corporations to Pay Fair Share, and Use Revenue for Investments not Cut Tax Rates

*Higher priority for tax legislation:*

Make sure that wealthy corporations pay their fair share of taxes

69%

+38

PAY FAIR SHARE

Cut taxes for American businesses to make them more competitive in the global economy

31%

*Revenue from closing some corporate loopholes and limiting deductions should go to:*

Investing in infrastructure, healthcare, and education

84%

Reducing tax rates on businesses

16%

+68

INVESTMENTS

# WHAT OPPONENTS OF THIS TAX PLAN ARE DOING ABOUT IT

- **Ladder of escalation:** based on targets and congressional timeline
- **Persuasion:** Meetings; town halls; phone calls; letters; social media; op-eds
- **Protest:** Town halls; earned media events; social media; ads
- **Webinars:** Take this presentation to your organization
- **[StopTrumpTaxCuts.org](https://StopTrumpTaxCuts.org):** for the latest.



# TAKE ACTION!











## NEXT STEPS

- Visit **StopTrumpTaxCuts.org** for more information and resources.
- Get involved in your local community!
- Contact **Nick Guthman, ATF Field Coordinator:**  
[nguthman@americansfortaxfairness.org](mailto:nguthman@americansfortaxfairness.org) | (202) 506-3264

If you plan to organize field activities or want more information!



# QUESTIONS

