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Trump's Tax Plan: Enriching The Already Rich

Donald Trump and the GOP got closer to one of their main goals: reforming the tax system. The Senate passed a budget bill for \$1.5 trillion in tax cuts. Trump says that his proposed tax plan is good for ordinary people, but all it does is make the rich richer. The U.S. tax system already favors the wealthy: investments are taxed less than wages, corporations get public subsidies, and they get profitable government contracts. This plan is just major handouts to the rich and massive attacks on the rest of us.

The U.S. tax code is already skewed in favor of the rich. It taxes capital gains for corporations at lower percentages than money earned through wages, even if the income brackets in dollar amounts are the same. There are even areas like Social Security where capital gains are exempted entirely! Since working people earn most of their income from wages while rich people get their money from investments, workers pay higher taxes than the wealthy.

The rich also get free taxpayer money from both Democratic and Republican politicians. Companies regularly promise to build facilities and hire workers in return for subsidies and tax breaks, but these are promises they often do not keep. After Boeing Co. got \$8.7 billion in subsidies and tax breaks from Washington State in 2013 it still went ahead with laying off more than 1,500 workers that same year.

Then there are the taxpayer-funded contracts that government agencies award to private corporations. Lockheed Martin for example, will earn \$40.6 billion in defense contracts in 2017 alone. Its stock jumped when Trump proposed increasing the Pentagon's budget by \$54 billion. Republicans for decades have cut taxes to the rich and increased handouts to them while Democrats fail to reverse any of these decisions.

Trump called his proposals the "largest tax cuts in U.S. history." While he may be right, the cuts do not apply to everyone equally. The top 1% of income earners, those making \$700,000 or more, would get an average tax cut of \$129,000. Middle-income families would only get about \$300 in tax cuts while the poorest would get a miserly \$60 tax cut.

Under the Trump plan, workers would be *paying* more in taxes while the rich would qualify for more *exemptions*. Workers would no longer be able to deduct from their taxable income student expenses, state and local income taxes, healthcare expenses, union dues, and mileage from commuting. The only deductions left to be claimed would be home mortgage interest and charitable deductions – all else would be gone! This means that many working people would end up in higher tax brackets and paying more.

Trump proposes to eliminate multiple taxes that apply only to the wealthy. He wants to get rid of the federal estate tax which applies to assets above \$5.5 million that are passed on to heirs. He also wants to cut the 3.8% tax which is a part of the Affordable Care Act and applies only to incomes above \$200,000. Another tax the Trump Plan aims to do away with is the Alternative Minimum Tax (AMT). Without it, Donald Trump himself would have kept about \$30 million more than what he ended up paying in 2005.

Trump makes a big deal about the high corporate tax and wants to slash to 15%. It is true that the 35% rate is one of the highest in world *on paper*. But loopholes in the tax code ensure that the largest companies never even come close to paying that much. One study found that 100 Fortune 500 companies with billions in profits paid zero or less federal income tax from 2008 to 2015. U.S. corporations have \$2 TRILLION in offshore tax havens. The tax plan proposed by Trump and his cronies taxes corporations less and only gives them more ways to avoid paying taxes.

The changes to the tax code that Trump wants to push through would be a huge handout to the rich and their corporations. The Committee for a Responsible Federal Budget estimates a "\$5.5 trillion in revenue loss over a decade." This money loss, gifted to the rich, will lay the basis for the cutting of programs and benefits for years to come. For us, working and poor people, these massive attacks pose questions: how will we defend ourselves in the face of this and how can we unite our forces and fight as one? The sooner we find answers, the better off we'll be.