



# A TALE OF TWO TAX POLICIES: TRUMP REWARDS WEALTH, BIDEN REWARDS WORK

During the 2016 campaign, President Donald Trump promised tax cuts that would create jobs and provide substantial savings for working families. What did he deliver?

For four years, Trump has relentlessly pursued an economic agenda that rewards wealth over work and favors multinational corporations over small businesses. After first trying to strip health care protections away from more than 100 million Americans with pre-existing conditions, President Trump spent the remainder of his first year in office fighting for a \$1.5 trillion tax giveaway primarily for large corporations and the wealthy. His Republican allies in Congress even admitted they needed to pass the bill to satisfy their donors. Almost immediately after signing the bill into law, Trump flew to Mar-a-Lago to tell his club's wealthy members, "you all just got a lot richer."

But middle-class Americans were largely left out. Tax experts estimate that over the long run, 83% of Trump's tax giveaway will flow to the top 1% of earners in this country. And, while our country faces an unconscionable racial wealth gap, the average Black and Latino family received less than half the tax savings as the average white family. Trump even snuck in a hidden middle-class tax hike that will kick in after he leaves office to pay for this permanent corporate tax giveaway.

As President, Biden will require corporations and the wealthiest Americans to finally pay their fair share. He won't ask a single person making under \$400,000 per year to pay a penny more in taxes, and will in fact enact more than one-dozen middle class tax cuts that will finally give working families the financial support they deserve. But struggling families need support immediately, which is why Biden is demanding that Trump get off the golf course and provide emergency tax relief to middle class families as part of a new COVID-19 response package.

Trump has not only refused to deliver for struggling working families, he is now pushing for another misguided tax giveaway for America's wealthiest families. That's the fundamental difference between Trump and Biden – Trump is focused on further enriching billionaires like himself, while Biden wakes up every day asking how he can help the middle class.

- **Trump's Tax Proposal In An Economic Crisis: A New Billionaire Tax Cut**

While 2020 has brought untold pain and economic hardship for tens of millions of working families, America's richest billionaires have seen their fortunes swell. Trump should be focused on helping struggling Americans make their rent and mortgage payments, keep their lights on, and put food on the table for their children. ~~Instead, he is focused on delivering yet another tax giveaway for the wealthy. Trump has pledged~~

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family making \$65,000 will pay 22% on every extra dollar they earn, not including payroll taxes, while billionaires will pay just 15% on their profits from investments. Trump's billionaire tax giveaway will mean untold hundreds of billions of dollars in tax breaks to millionaires and billionaires over time. Indeed, it provides tens of billions of dollars in tax giveaways to billionaires just for their gains during the COVID year of 2020. In effect:

- **Trump wants to give the 10 richest billionaires – who have made a total of \$196 billion this year amid the COVID-19 crisis – a combined \$17.2 billion tax cut.**
- **Trump wants to give the 50 richest billionaires – who have made \$312 billion during the COVID-19 crisis – a combined \$27.5 billion tax cut.**
- **Trump wants to give the 100 richest billionaires – who have made \$334 billion during the COVID-19 crisis, a combined \$29 billion tax cut.**

**Table 1 – The Trump Billionaire Tax Cut, By The Numbers**

<b>Wealthiest American Billionaires</b>	<b>Wealth Gain in Trump Billionaire 2020</b>	<b>Tax Cut</b>	<b>Biden Stops Trump Tax Giveaway &amp; Makes Billionaires Pay Their Fair Share</b>
Top 10	\$195.75 billion	+\$17.23 billion	-\$30.93 billion
Top 50	\$312.63 billion	+\$27.39 billion	-\$49.19 billion
Top 100	\$334.14 billion	+\$29.40 billion	-\$52.79 billion

Source: Bloomberg Billionaires, September 8, 2020,

Available at <https://www.bloomberg.com/billionaires/?sref=Yt1f10Jr>

Notes: The Trump Billionaires Tax Cut is calculated by lowering the capital gains rate from its current level of 23.8% to Trump's proposed 15% rate. The difference between Trump's Billionaire Tax Cut and Biden's proposal shows how a Biden level of 39.6% compares to current law as well.

• **Trump's Tax Record: Billions For Foreign Investors And Large Multinational Corporations**

Trump's original tax cut blatantly prioritized wealth over work, large corporations over small businesses, and even foreign investors over the American middle class. It is no wonder that:

- **43% of the benefits of Trump's corporate tax giveaway goes to foreign investors.**
- **\$134 billion in tax giveaways went to foreign investors in fewer than three years after Trump signed this bill into law.**
- **Foreign investors received a bigger tax cut than the 95 million most-hard pressed working households in our nation – combined!**
- **Corporations that pocketed billions of dollars from the tax giveaway still slashed jobs, shifted production overseas, and passed profits through to wealthy investors.**

In 2018, in the wake of the Trump tax giveaway, **91 companies in the Fortune 500 paid no federal taxes** on their income and another 56 paid less than 5 percent. These firms could have used their tax windfall to raise wages, purchase new equipment, or invest in research and development. But Trump's tax giveaway had no

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- Wells Fargo saved nearly \$6.5 billion from the tax giveaway in 2018 and 2019, then authorized \$40 billion worth of stock buybacks, raised interest rates on borrowers, and announced that it would lay off up to 26,000 workers.
- The pharmaceutical giant AbbVie received a \$1.3 billion tax handout, announced \$10 billion worth of buybacks, then increased prices for more than 10 of its products, including the arthritis medication, Humira.
- JPMorgan Chase pocketed \$8.76 billion in tax breaks in 2018 and 2019 and yet last year still charged consumers \$2 billion in overdraft fees, and cut hundreds of jobs.
- Harley-Davidson announced it would repurchase almost \$700 million worth of its own stock, slash 350 manufacturing jobs, and shift some of its production overseas.
- AT&T cut thousands of jobs, while Trump gave them \$1 billion in federal contracts and a \$3 billion per year tax cut.
- Boeing offshored more than 2,000 U.S. jobs and announced billions in stock buybacks while receiving \$29 billion in contracts and a \$1.1 billion tax cut from Trump.

**To help pay for his permanent tax giveaway to corporations, Trump imposed a secret tax hike on middle-class Americans.** Trump and his allies needed to sacrifice something in order to satisfy congressional rules and pass their tax giveaway for large corporations and the wealthy. Their solution was to raise taxes on the middle class by slowing the rate of inflation in the tax code, which will push working families into higher and higher tax brackets over time and devalue the amount of their tax credits. **The result is that by 2027, around 70% of middle-class families will have to pay higher taxes.**

### III. Biden’s Plan: Make The Wealthy And Corporations Pay Their Fair Share, And Provide Tax Relief For Working Families

While Trump and his allies have sought to mislead, deceive, and flat-out lie by suggesting Biden will raise taxes on ordinary Americans, fact-checkers have called this desperate line of attack what it is – **false**.

- According to Politifact, “Donald Trump Jr. claimed in a widespread tweet that former Vice President Joe Biden ‘wants to raise taxes on 82% of all Americans.’ The eldest son of President Donald Trump was repeating a refrain from the Republican National Convention, where Republican National Committee Chair Ronna McDaniel and Eric Trump made similar claims . . . We rate this statement False.”
- USA Today wrote “this claim is FALSE, based on our research. Biden said he will not raise taxes on anyone making less than \$400,000 a year. A taxpayer making \$75,000, or making \$3,000 biweekly, would not move to a higher tax bracket, as claimed. Analysts concluded that Biden’s tax plan would apply to wealthy individuals and corporations.”
- The nonpartisan Committee for a Responsible Federal Budget stated, “During the 2020 Republican National Convention, several speakers claimed that Democratic nominee and former Vice President Joe Biden would substantially raise middle-class taxes if elected President . . . We find that these statements range from somewhat misleading to largely false.”

Joe Biden will not raise taxes on anyone making less than \$400,000. Period. But he will ask wealthy Americans and big corporations to pay their fair share, including by:

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will be 21% – TWICE the rate of the Trump offshoring tax rate and will apply to all income.

- Imposing a tax penalty on corporations that ship jobs overseas in order to sell products back to America.
- Imposing a 15% minimum tax on book income so that no corporation gets away with paying no taxes.
- Raising the top individual income rate back to 39.6 percent.
- Asking those making more than \$1 million to pay the same rate on investment income that they do on their wages.

Joe Biden will provide meaningful tax relief for working families. For years, these Americans have felt the squeeze of stagnating wages and an ever-increasing cost-of-living. Now, Trump's tragic mismanagement of the coronavirus pandemic has produced an almost unprecedented economic crisis. Almost half of all Americans live in a household that has lost employment income since mid-March and 1 in 4 expect to lose income in September. Approximately 47% of renters believe they will likely face eviction over the next two months and more than 1 in 5 homeowners consider foreclosure likely.

Biden is proposing more than a dozen bold policies to bolster financial security and spur economic growth by reducing taxes on the middle class.

**Expand the Child Tax Credit to help families through the crisis.** Biden understands the urgency of delivering immediate financial assistance to working families. As President, **he will support a significant expansion of the Child Tax Credit (CTC) for the duration of the crisis, as proposed in the House-passed HEROES Act.**

Biden's CTC expansion will provide thousands of dollars of tax relief for middle-class households. It will also help the most-hard pressed working families avoid poverty and attain greater economic security.

Specifically, Biden will increase the CTC to \$3,000 per child for children ages 6 to 17 and \$3,600 for children under 6. He will also make the CTC fully refundable so that hard-pressed families can access these resources quickly. And, he will allow families to receive monthly payments if they choose. Under the Biden plan, for 2021 and then as long as economic conditions require:

- A teacher and an electrician with a 7th grader and a newborn will receive an additional \$2,600 – or \$6,600 total.
- A nurse and a grocery store clerk with a 2-year-old and a 5-year-old will receive an additional \$3,200 – or \$7,200 total.
- A firefighter with three teenagers will receive an additional \$3,000 – or \$9,000 total.
- A letter carrier and a child care worker with children ages three, five, seven, and nine will receive an additional \$5,200 – or \$13,200 total.

**As a long-term strategy to ease the financial burden on working families, Biden is committed to offering specific tax cuts for major costs these families face, including:**

- **Tax credits that help working families afford health insurance.** In addition to his bold policies to protect and expand Obamacare, Biden will ensure that no family spends more than 8.5% of their income on health insurance by expanding access to refundable health premium tax credits.
- **Tax credits that help working families afford child care.** Biden will offer up to \$8,000 in tax credits to

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- **Tax credits that help working families pay for the cost of caring for an aging loved one**, modeled off of legislation supported by AARP. Biden will also increase the generosity of tax benefits for older Americans who choose to buy long-term care insurance.
- **Tax credits to help families buy their first homes and build wealth – up to \$15,000**. Building off of a temporary tax credit expanded as part of the Recovery Act, Biden’s tax credit will be permanent and advanceable, meaning that homebuyers receive the tax credit when they make the purchase instead of waiting to receive the assistance when they file taxes the following year.

**Equalizing the tax benefits of retirement plans.** Current tax benefits for retirement savings provide upper-income families with a significant tax break, while providing a limited benefit for low- and middle-income workers. Biden will equalize benefits across the income scale, so working families also receive substantial tax benefits when they put money away for retirement.

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