

# TRUMP

## TAX REFORM THAT WILL MAKE AMERICA GREAT AGAIN

### *The Goals Of Donald J. Trump's Tax Plan*

Too few Americans are working, too many jobs have been shipped overseas, and too many middle class families cannot make ends meet. This tax plan directly meets these challenges with four simple goals:

1. **Tax relief for middle class Americans:** In order to achieve the American dream, let people keep more money in their pockets and increase after-tax wages.
2. **Simplify the tax code** to reduce the headaches Americans face in preparing their taxes and let everyone keep more of their money.
3. **Grow the American economy** by discouraging corporate inversions, adding a huge number of new jobs, and making America globally competitive again.
4. **Doesn't add to our debt and deficit**, which are already too large.

### *The Trump Tax Plan Achieves These Goals*

1. If you are single and earn less than \$25,000, or married and jointly earn less than \$50,000, you will not owe any income tax. That removes nearly 75 million households – over 50% – from the income tax rolls. They get a new one page form to send the IRS saying, “I win,” those who would otherwise owe income taxes will save an average of nearly \$1,000 each.
2. All other Americans will get a simpler tax code with four brackets – 0%, 10%, 20% and 25% – instead of the current seven. This new tax code eliminates the marriage penalty and the Alternative Minimum Tax (AMT) while providing the lowest tax rate since before World War II.
3. No business of any size, from a Fortune 500 to a mom and pop shop to a freelancer living job to job, will pay more than 15% of their business income in taxes. This lower rate makes corporate inversions unnecessary by making America's tax rate one of the best in the world.
4. No family will have to pay the death tax. You earned and saved that money for your family, not the government. You paid taxes on it when you earned it.

### *The Trump Tax Plan Is Revenue Neutral*

The Trump tax cuts are fully paid for by:

1. Reducing or eliminating most deductions and loopholes available to the very rich.
2. A one-time deemed repatriation of corporate cash held overseas at a significantly discounted 10% tax rate, followed by an end to the deferral of taxes on corporate income earned abroad.
3. Reducing or eliminating corporate loopholes that cater to special interests, as well as deductions made unnecessary or redundant by the new lower tax rate on corporations and business income. We will also phase in a reasonable cap on the deductibility of business interest expenses.

## **DETAILS OF DONALD J. TRUMP’S TAX PLAN**

America needs a bold, simple and achievable plan based on conservative economic principles. This plan does that with needed tax relief for all Americans, especially the working poor and middle class, pro-growth tax reform for all sizes of businesses, and fiscally responsible steps to ensure this plan does not add to our enormous debt and deficit.

This plan simplifies the tax code by taking nearly 50% of current filers off the income tax rolls entirely and reducing the number of tax brackets from seven to four for everyone else. This plan also reduces or eliminates loopholes used by the very rich and special interests made unnecessary or redundant by the new lower tax rates on individuals and companies.

### *The Trump Tax Plan: A Simpler Tax Code For All Americans*

When the income tax was first introduced, just one percent of Americans had to pay it. It was never intended as a tax most Americans would pay. The Trump plan eliminates the income tax for over 73 million households. 42 million households that currently file complex forms to determine they don’t owe any income taxes will now file a one page form saving them time, stress, uncertainty and an average of \$110 in preparation costs. Over 31 million households get the same simplification and keep on average nearly \$1,000 of their hard-earned money.

For those Americans who will still pay the income tax, the tax rates will go from the current seven brackets to four simpler, fairer brackets that eliminate the marriage penalty and the AMT while providing the lowest tax rate since before World War II:

| <b>Income Tax Rate</b> | <b>Long Term Cap Gains/ Dividends Rate</b> | <b>Single Filers</b>  | <b>Married Filers</b>  | <b>Heads of Household</b> |
|------------------------|--|-----------------------|------------------------|---------------------------|
| 0%                     | 0%   | \$0 to \$25,000       | \$0 to \$50,000        | \$0 to \$37,500           |
| 10%                    | 0%   | \$25,001 to \$50,000  | \$50,001 to \$100,000  | \$37,501 to \$75,000      |
| 20%                    | 15%  | \$50,001 to \$150,000 | \$100,001 to \$300,000 | \$75,001 to \$225,000     |
| 25%                    | 20%  | \$150,001 and up      | \$300,001 and up       | \$225,001 and up          |

With this huge reduction in rates, many of the current exemptions and deductions will become unnecessary or redundant. Those within the 10% bracket will keep all or most of their current deductions. Those within the 20% bracket will keep more than half of their current deductions.

Those within the 25% bracket will keep fewer deductions. Charitable giving and mortgage interest deductions will remain unchanged for all taxpayers.

Simplifying the tax code and cutting every American's taxes will boost consumer spending, encourage savings and investment, and maximize economic growth.

### ***Business Tax Reform To Encourage Jobs And Spur Economic Growth***

Too many companies – from great American brands to innovative startups – are leaving America, either directly or through corporate inversions. The Democrats want to outlaw inversions, but that will never work. Companies leaving is not the disease, it is the symptom. Politicians in Washington have let America fall from the best corporate tax rate in the industrialized world in the 1980's (thanks to Ronald Reagan) to the worst rate in the industrialized world. That is unacceptable. Under the Trump plan, America will compete with the world and win by cutting the corporate tax rate to 15%, taking our rate from one of the worst to one of the best.

This lower tax rate cannot be for big business alone; it needs to help the small businesses that are the true engine of our economy. Right now, freelancers, sole proprietors, unincorporated small businesses and pass-through entities are taxed at the high personal income tax rates. This treatment stifles small businesses. It also stifles tax reform because efforts to reduce loopholes and deductions available to the very rich and special interests end up hitting small businesses and job creators as well. The Trump plan addresses this challenge head on with a new business income tax rate within the personal income tax code that matches the 15% corporate tax rate to help these businesses, entrepreneurs and freelancers grow and prosper.

These lower rates will provide a tremendous stimulus for the economy – significant GDP growth, a huge number of new jobs and an increase in after-tax wages for workers.

### ***The Trump Tax Plan Ends The Unfair Death Tax***

The death tax punishes families for achieving the American dream. Therefore, the Trump plan eliminates the death tax.

### ***The Trump Tax Plan Is Fiscally Responsible***

The Trump tax cuts are fully paid for by:

1. Reducing or eliminating deductions and loopholes available to the very rich, starting by steepening the curve of the Personal Exemption Phaseout and the Pease Limitation on itemized deductions. The Trump plan also phases out the tax exemption on life insurance interest for high-income earners, ends the current tax treatment of carried interest for speculative partnerships that do not grow businesses or create jobs and are not risking their own capital, and reduces or eliminates other loopholes for the very rich and special interests. These reductions and eliminations will not harm the economy or hurt the middle class.

Because the Trump plan introduces a new business income rate within the personal income tax code, they will not harm small businesses either.

2. A one-time deemed repatriation of corporate cash held overseas at a significantly discounted 10% tax rate. Since we are making America's corporate tax rate globally competitive, it is only fair that corporations help make that move fiscally responsible. U.S.-owned corporations have as much as \$2.5 trillion in cash sitting overseas. Some companies have been leaving cash overseas as a tax maneuver. Under this plan, they can bring their cash home and put it to work in America while benefitting from the newly-lowered corporate tax rate that is globally competitive and no longer requires parking cash overseas. Other companies have cash overseas for specific business units or activities. They can leave that cash overseas, but they will still have to pay the one-time repatriation fee.
3. An end to the deferral of taxes on corporate income earned abroad. Corporations will no longer be allowed to defer taxes on income earned abroad, but the foreign tax credit will remain in place because no company should face double taxation.
4. Reducing or eliminating some corporate loopholes that cater to special interests, as well as deductions made unnecessary or redundant by the new lower tax rate on corporations and business income. We will also phase in a reasonable cap on the deductibility of business interest expenses.