

Tax Plans of the Presidential Candidates

Presentation to Session on Tax Policy and Simplification

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Eric Toder

ABA Tax Section Meetings



TAX POLICY CENTER
URBAN INSTITUTE & BROOKINGS INSTITUTION

Main Features of Tax Plans



Feature	Clinton	Cruz	Sanders	Trump
Individual income tax rate	Current law 4% of AGI over \$5m	10% flat rate	Up to 28% +24% of AGI +2.2% Medicare	Up to 25%; 15% on business income
Capgains/dividends	Raise tax on gains 2-6 years	10%	Up to 62%, tax gains at death	0-20%
Top corporate rate	35%	Repeal	35%	15%
Payroll tax	No change	Repeal	6.2% increase	No change
Estate tax	Restore 2009	Repeal	Top rate of 65%	Repeal
Other	New targeted tax breaks	16% VAT	Carbon tax, FTT, end deferral	End deferral

Summary of Corporate and International Provisions



Provision	Clinton	Cruz	Sanders	Trump
Basic structure	Retain corporate tax	Replace with VAT	Retain corporate tax	Retain corporate tax
Maximum rate	35%	16%	35%	15%
Business Tax base	Tax breaks removed and added	Expensing, no interest or wage deductions	Remove oil and gas and other breaks	Repeal most tax breaks
Flow-throughs	4% high-income AGI surtax	Same as C corps.	Top rate of 52% (24% on AGI)	Top rate of 15%
International	New anti-inversion rules	Exempt exports, tax imports	Eliminate deferral, limit inversions	Eliminate deferral

Revenue Effects in billions of dollars (% of GDP)



Candidate	2016-2026	2027-2036
Clinton	1,077.1 (0.5)	2,084.2 (0.5)
Cruz	-8,602.3 (-3.6)	-12,247.2 (-3.4)
Sanders	15,337.0 (6.4)	25,145.0 (7.0)
Trump	-9,517.0 (-4.0)	-15,001.4 (-4.2)

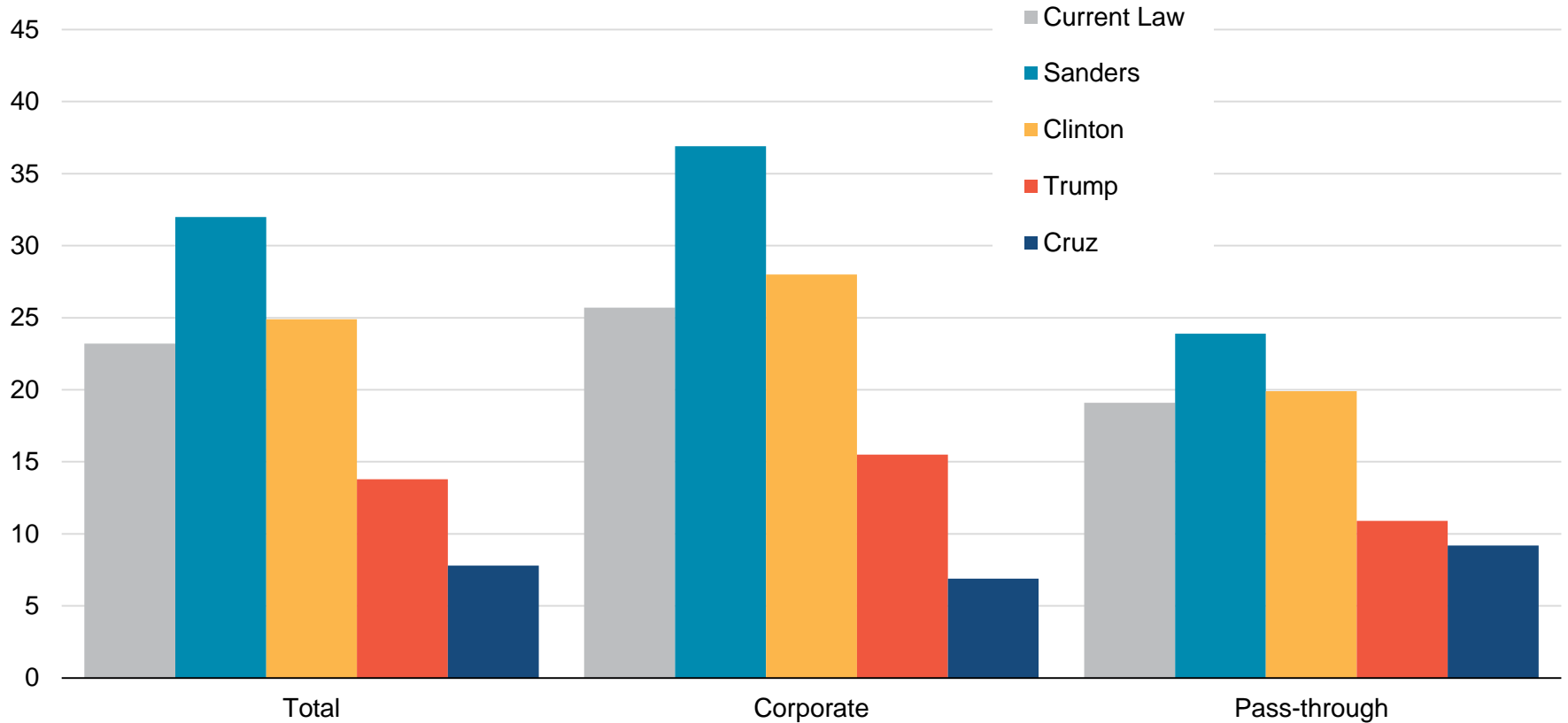
Effects of Campaign Proposals on Effective Tax Rates by Income Group, 2025



Income Groups	Clinton	Cruz	Sanders	Trump
Bottom Fifth	0.03%	-0.28%	3.66%	-1.09%
Middle Fifth	0.07%	-2.07%	7.99%	-4.24%
80-99 th Percentiles	0.38%	-5.13%	8.50%	-4.46%
Top 1 percent	3.44%	-14.09%	21.21%	-11.69%
All	0.81%	-5.38%	10.38%	-5.51%

Marginal Effective Tax Rates on New Investment Under Presidential Candidates' Tax Plans

Percent, 2017



Source: Urban-Brookings Tax Policy Center calculations.

THANK YOU

For more information please contact:

Eric Toder
etoder@urban.org

View many studies on tax expenditures at
www.taxpolicycenter.org

