



# TRUMP WILL CUT CAPITAL GAINS TAXES FOR THE RICH; BIDEN WILL RAISE THEM



## TOPLINE POINTS

- President Trump will **cut the top capital gains tax rate paid by the wealthy by one-quarter**. This would be a huge giveaway to the rich—those who need help the least during this pandemic.
- Capital gains taxes are paid on the profits from the sale of stock, a business, commercial real estate or other asset. **Capital gains are generated by someone's wealth**. They mostly go to the richest 1%. Working families have few if any capital gains.
- **99% of Trump's capital gains tax cuts will [go to the richest 1%](#)**. That's because the top capital gains tax rate is only paid by those making more than \$500,000 a year. If Trump succeeds, the rich will contribute a quarter less in taxes when they cash in their profits.
- **Joe Biden wants to tax income from wealth the way income from work is taxed. He will raise the capital gains tax rate on the wealthy to create a stronger and fairer economy.** The top capital gains tax rate is just 20%. Joe Biden will raise it to 39.6%, the top tax rate he proposes for income from wages and salaries. That low 20% rate is what allows a billionaire to pay a lower tax rate than a firefighter, nurse or other middle-class worker. That tax loophole must be closed.
- **Polling shows the public wants higher, not lower, capital gains taxes on the wealthy.** 83% of registered voters believe the tax rate on income from stocks and other assets should be the same as (54%) or higher than (29%) the tax rate on wages and salaries.

## CUTTING THE CAPITAL GAINS TAX RATE WOULD BE A GIVEAWAY TO THE WEALTHY

- Most billionaires and millionaires earn their wealth from the stocks they own or from other assets—rather than from wages and salaries like most other people. Capital gains taxes are paid on the profits from the sale of stock, a business, commercial real estate or other asset.
- President Trump proposes to [cut the top capital gains tax rate by one-quarter](#), dropping it from 20% to 15%. This will give a [windfall of \\$300 billion](#) to the richest Americans, per the Institute on Taxation and Economic Policy (ITEP).
- 99% of Trump's proposed tax cut [would go to the richest 1%](#), per ITEP. That's because Trump only wants to cut the top tax rate, which is paid by couples with over about \$500,000 in taxable income (\$441,000 for singles).
- Capital gains are very concentrated in the hands of the rich: [Three-quarters](#) are held by the richest 1%, per the Tax Policy Center. Over half (55%) are held by the top 0.1%.
- The wealthy already get a huge tax cut, or discount, on long-term capital gains. Their top tax rate of [just 20% is a little over half](#) the 37% top tax rate on wages and salaries.
- Most households—[70%—already pay no capital gains taxes](#). They would not benefit at all from Trump's capital gains tax cut.

## **TRUMP HAS ALREADY GIVEN THE RICH AND CORPORATIONS HUGE TAX CUTS; WORKING FAMILIES ARE SUFFERING AND NEED HELP**

- In 2017, Trump and Republicans in Congress rammed through a huge [\\$2 trillion tax cut](#) that mostly benefited the wealthy and corporations. The rich should not get more tax breaks, especially when most Americans are living paycheck to paycheck.
- Under that 2017 tax law, the richest 1% are getting an [average \\$50,000 tax cut](#) this year. The rest of us didn't get much. We certainly didn't get the [\\$4,000 pay raise](#) the president promised that employers would provide to their workers from the big corporate tax cut.
- The rich got another huge tax cut in the first major pandemic relief package passed by Congress and signed into law by Trump in March. It gave just [43,000 millionaire business owners a \\$1.6 million tax cut](#) on average this year alone.

## **A CAPITAL GAINS TAX GIVEAWAY WILL BE VERY COSTLY AND THREATEN CRITICAL SERVICES**

- Cutting the tax rate to 15%, as Trump wants to do, will [cost \\$300 billion](#) per ITEP. We need that money for vital public services for working families like healthcare, education and retirement security—not to give more tax breaks to the rich.
- When more is given away in tax cuts to the wealthy, Republicans will try, as they always do, to pay for them with cuts to vital public services. Just months after enacting their \$2 trillion tax cut in 2017 that mostly benefited the rich and corporations, Republicans tried to partially cover the cost [through cuts to Medicaid](#), food aid, housing assistance, and more.

## **BIDEN WILL INCREASE CAPITAL GAINS TAX RATES ON THE RICH FOR A STRONGER ECONOMY**

- **Biden will end the special capital gains tax break for the wealthy and tax their income from wealth like income from work.** For those with annual income of \$1 million or more, Biden will raise the low 20% capital gains tax rate on the profits derived from the sale of assets to match his proposed 39.6% top tax rate on wages and salaries. This tax break for the wealthy is the reason a [billionaire can pay a lower tax rate](#) than a middle-class worker.
- **Biden will also close a huge loophole that lets the rich avoid capital gains taxes on inherited assets.** This allows wealthy people who inherit assets, such as stock, to avoid paying taxes on the gains derived from the growth in the value of those assets.
- **These two reforms will [raise nearly \\$450 billion](#),** according to the Tax Policy Center, to rebuild our economy better, stronger and fairer.

## **POLLING SHOWS THE PUBLIC WANTS HIGHER CAPITAL GAINS TAXES ON THE WEALTHY**

An October 2019 poll of 1,000 registered voters by [Hart Research Associates](#) found that:

- 81% believe that wealthy investors should be paying more in taxes; 45% say “a lot more.”
- 83% believe that the tax rate on income from stocks and other assets should be the same as (54%) or higher than (29%) the tax rate on wages and salaries.

## **FAR FROM HURTING THE ECONOMY, HIGHER CAPITAL GAINS TAXES COULD HELP**

- Contrary to Republican claims, cutting capital gains taxes will not help the economy or create jobs—but raising them might. Over the past 70 years, the level of the capital-gains tax rate has had [no discernible effect on the economy](#), per the Tax Policy Center.
- Raising taxes on the wealthy—including through higher capital gains taxes—and then using the revenue to improve the lives of working families is the [best way to boost the economy](#). The rich already have plenty of money to invest and do not need more from tax cuts. What holds back the economy is a lack of demand—taxing the rich and putting more cash into the hands of working people is the [real path to economic growth](#).