

TAX THE RICH. BUILD A BETTER WORLD.

ON TAX DAY, KNOW THIS: NOT LONG AGO, THE ULTRA-WEALTHY PAID MUCH MORE IN TAXES.

Today, the top .01 percent and giant corporations have rigged the rules so drastically that some billionaires end up paying zero percent. Nothing.

Instead, working families are bearing more than their fair share of the tax burden—at a time when record inflation is steadily eating away at wages.

It's way past time to flip the script. What's stopping us?

Here's the headline: We *can* reduce poverty in the US, and we can follow a straight path to do it: Tax the rich; invest in working families.

In fact, we just had proof of this concept, when we funded programs to support families during the most devastating stages of the pandemic.

Federal COVID relief programs produced historic results: they slashed poverty nearly in half, reduced hunger, and increased access to healthcare.

Once these programs expired, working families felt the punch immediately. Now, they're struggling to get by without these supports in the face of record inflation, looming climate catastrophe, an enduring pandemic, and a new war with wide-reaching global implications.

This isn't right, it isn't tenable—and it isn't inevitable. We can flip the script, and build an economy that is healthier, more equitable, and more resilient.

We just need to make sure that those with historic levels of wealth pay their fair share. It should be easy—but it's not. Corporations and the ultra-wealthy have rigged the rules of the game to benefit the rich at the expense of everyone else.

WHY HAVE WE LET BILLIONAIRES OFF THE HOOK FOR THEIR FAIR SHARE?

It's no accident that we are seeing staggering levels of inequality in this country. It is by very deliberate design. For decades, the ultra-wealthy and corporations have used their economic might to pressure Congress to write the rules so they can avoid taxes, pay poverty wages, and skirt responsibility. They worked hard to rig the game, and to convince us it was for our own good.

It's not. **When the system prioritized the common good and a healthy safety net, we all fared better.** During WWII, the top federal income tax rate peaked at 94 percent; it was still 70 percent three decades later. We used tax revenues to fund vital new programs, from Medicaid to mass transit to school lunch programs to education. The middle class grew, and thrived.

The Reagan Revolution of the 1980s began the rollback of these principles, and of relative equality in general. When Congress passed the Tax Cuts Act in 2017, it slashed the corporate income tax from 35 percent to 21 percent; corporations just reported record-breaking profits—**up a shocking 25 percent this year alone, to \$2.81 trillion.**

Taxes on the ultra-wealthy and corporations have dropped; pressure on working families has not. As the rules have changed, working families are feeling the sharp edge of economic insecurity and loss of hope in the future.

It doesn't have to be this way. On Tax Day, let's take a moment to consider how different this could be: let's tax those who have amassed shocking amounts of wealth, in order to fund programs that protect working families, the climate, and our future.

TAXES SHOULD BE PROGRESSIVE: CONCEPT VS. REALITY

Tax rates should increase as income increases. And, in fact, the personal income tax *is* progressive (unlike payroll and sales taxes)—**except when it comes to the ultra-rich.**

According to [leaked tax returns](#), **the top 25 billionaires paid only 3.4 percent in federal income tax** between 2014 and 2018. Jeff Bezos (the second wealthiest man in the world) paid a true tax rate of less than 1 percent in that period.

The average taxpayer pays a higher rate than that: 13 percent. And right now, as the pandemic grinds on, the average taxpayer is facing an [actual decline in the real value of wages](#).

This, at the same time that corporations hike prices and enjoy record profits, and billionaires add trillions to their net worth (up 62 percent since March 2020, from \$2.9 to \$4.7 trillion).

Working families wondering how they will get by in the face of shrinking wages and rising prices are actually paying their fair share of taxes—billionaires relaxing on their yachts and rocketing into space are not.

Billionaires and multi-millionaires pay lower tax rates because most of their income derives from capital, which is taxed less than labor income. Capital gains (i.e., increases in the value of property, stocks, and other forms of wealth) are not only *taxed at a lower rate* (23.8 percent vs. a top rate of 37 percent for labor income), but they are taxed *only when the assets are sold*.

Billionaires can hold on to their assets forever, watch them grow tax-free, and even borrow against the assets at cheap interest rates to finance their own consumption, and then transfer their wealth to their heirs tax-free as well, thanks to another loophole.¹

The mountains of money are there. We just need to make billionaires and corporations pay their fair share. Some proposals on the table follow.

WHERE THE MONEY IS: BILLIONAIRES AND CORPORATIONS

WEALTH TAX - \$133 BILLION

Even though the wealth of the richest Americans is hitting astronomical new highs, the US does not have a wealth tax. A wealth tax would amount to a certain percentage of the value of taxpayer's assets minus debts, regardless of return on investment. Proposals on the table are to *tax only the very wealthiest*.

Based on the freshly released [Forbes 2022 billionaires list](#), Oxfam estimates that Senator Warren's wealth tax would raise about **\$113 billion** this year from billionaires alone (and much more from millionaires owning more than \$50 million).

BILLIONAIRES' INCOME TAX - \$56 BILLION

Senator Wyden's billionaires' income tax would tax capital gains annually instead of when assets are sold (which can be never). It would raise [\\$56 billion a year on average](#).

The President also proposed to tax capital gains annually to ensure that billionaires pay a tax rate of at least 20 percent. That proposal would raise [\\$36 billion a year](#).

CORPORATE TAX - \$63 BILLION

While corporations are currently enjoying [record profits](#), they are still paying lower tax rates than most working families. Indeed, [some large corporations in the US paid as little as \\$0 in federal taxes on profits in 2020](#).^{*} They take advantage of numerous tax breaks—doled out by Congress under corporate pressure—as well as loopholes that enable big business to stash profits in tax havens.

Around the world, in fact, true corporate tax rates have fallen as governments compete to attract capital unconstrained by national borders.

The Biden administration negotiated an international agreement last year to put an end to this race to the bottom. That agreement ensures that **all large multinational corporations (regardless of nationality) will pay a tax rate of at least 15 percent in all countries where they operate**.

Congress should promptly incorporate that global minimum tax into US law. It would yield [\\$63 billion a year](#) and reduce corporations' abuse of tax havens.²

^{*} In theory, the corporate income tax rate is 21 percent—reduced from 35 percent in the 2017 Tax Cuts Act under President Trump. In practice, large corporations usually pay less than 10 percent.

WHAT WE COULD DO WITH THAT MONEY

Simply put, we can invest in the health of our country, and of our future: working families, children, the environment. We can repair the holes in the safety net, and ensure healthy and thriving communities. We have to move beyond short-term, austerity thinking, and cultivate a future for all of us that provides far greater returns on the investments.

The COVID relief programs showed us how it could work. We can renew these efforts, and lift millions of families out of poverty.

STRENGTHEN OUR HEALTHCARE

- **Global public health COVID programs: [\\$5 billion](#)**
Covers vaccines, testing, and treatment.
- **Cover the uninsured for COVID vaccines and testing: [\\$1.5 billion](#)**
- Expanded and affordable healthcare:
 - Expand Medicare to hearing: [\\$8.9 billion](#)
 - Close Medicaid gap: [\\$6 billion](#)
CBO estimates addressing the coverage gap would result in 1.7 million gaining insurance, and it would reduce premiums for 9 million people. Half of those in the coverage gap are working and six in 10 are people of color.

SUPPORT WORKING FAMILIES AND CHILDREN

- **Food supports—child nutrition waivers: [\\$11 billion](#)**
The program was used by 90 percent of schools to provide school lunches; enabled feeding children through schools, local government agencies, nonprofits.
- **Child tax credit: [\\$97 billion](#)**
The program reached 61.2 million children in 36 million households; it cut child poverty by 30 percent, lifted 3 million children out of poverty. Families spent the funds on basic needs (food, utilities, rent). From July to December, families received \$250/\$300 per child; it generated social benefits of up to \$982 billion. ([NBER](#))
- **Invest in child care and families: [\\$24 billion](#)**
Make child care affordable for all families with children from birth through age 5 using a sliding scale for copayments.
- **Provide paid sick leave: [\\$10 billion](#)**
When COVID struck in 2020, temporary paid leave helped over [750,000 firms pay their workers](#) when they had to miss work for illness related to COVID. It's estimated it prevented 15,000 COVID infections per day. Roughly [70 percent of low-wage workers](#) lack access to paid sick leave.
- **Paid family and medical leave: [\\$20 billion](#)**
We could guarantee four weeks per year of paid family and medical leave to all workers in the US who need time off work to welcome a new child, recover from a serious illness, or care for a seriously ill family member. Just [19 percent of workers](#) have access to paid family leave through their employer.

INVEST IN INTEGRITY OF THE TAX SYSTEM

- **Rebuild the IRS: \$8 billion**

The [White House](#) notes that “audit rates on those making over \$1 million per year fell by 80 percent between 2011–2018.” Investing in the IRS would rebuild the depleted agency, and enable enforcement efforts to collect taxes that are currently unpaid (from \$400 billion to \$1 trillion).

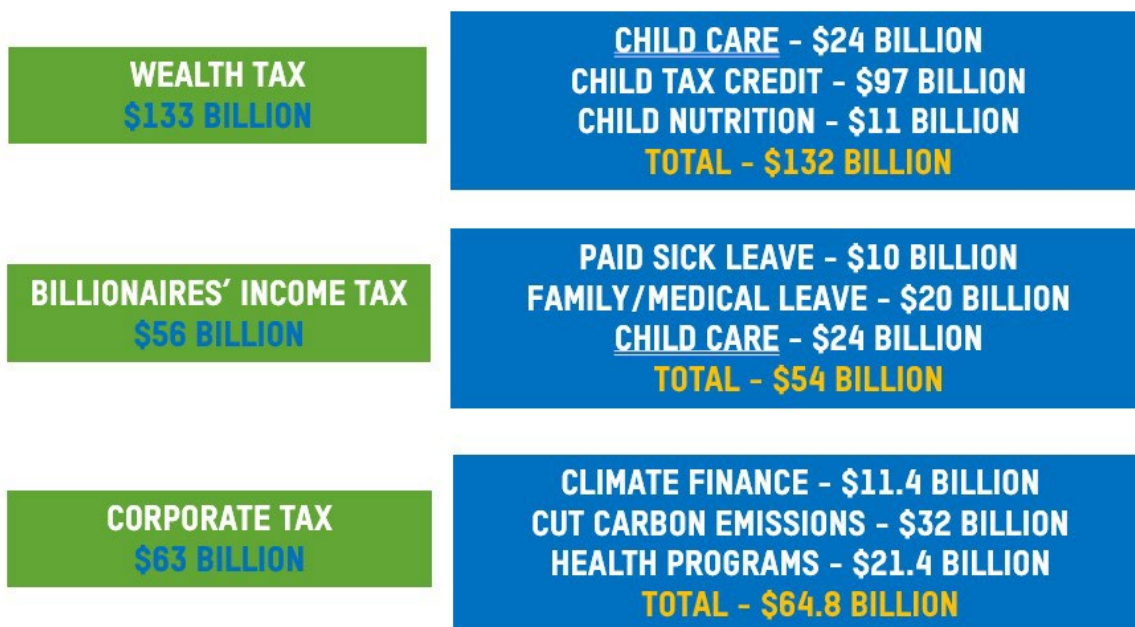
PROTECT THE CLIMATE

- **International climate finance: \$11.4 billion**

We can finally do more than talk about climate change; we can tax credits for clean energy (eg, solar, wind), electric vehicles.

- Cut carbon emissions with tax credits for consumers and companies: \$32 billion.
- Civilian Climate Corp: \$1 billion

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PANDEMIC PROFITEERING

Since the COVID-19 pandemic hit the world stage in March 2020, it has thrown fuel on the burning fire of growing inequality in our country, and around the world. The ultra-wealthy and corporations have taken advantage of this moment of precarity to reap untold pandemic profits—directly at the expense of workers, consumers, and families.

Just a few figures that chart the growing gaps between the wealthy and the rest of us, from March 2020 to March 2022:

- **Billionaire wealth in the US has increased by 62 percent.**
The recently released Forbes list reveals that billionaire wealth in the U.S. has gone from \$2.9 trillion in 2020 to \$4.7 trillion in 2022—and increase of 62 percent. (<https://inequality.org/great-divide/billionaires-2-trillion-richer-than-before-pandemic/>)
The global increase has been similarly staggering, from \$8 trillion to \$12.7 trillion.
- **Price of food in the US has risen by over one third.**
The [US Department of Agriculture](#) tracks the price of food every month. For the Thrifty Food Plan, US Average [February 2020](#) v [February 2022](#), family monthly cost went from \$654 to \$888, roughly 35 percent higher.
- **While median wages are up 10 percent, real wages are actually down.**
The Bureau of Labor Statistics tracks median wages every month. In [February 2020](#), the average was \$28.52; in [February 2022](#), it was \$31.58, roughly 10 percent. When one accounts for inflation, the end result is a decrease in the real value of wages.
- **Corporate profits soared by 25 percent in one year:**
Corporate pretax profits surged 25 percent year over year (2020 to 2021) to \$2.81 trillion, according to the [Bureau of Economic Analysis](#). That's the largest annual increase since 1976, according to the [Federal Reserve](#).

NOTES

¹ The "stepped-up" loophole, which basically says that heirs don't owe capital gains tax on the appreciation of assets that occurred before they inherited them.

² Source: CBO <https://www.cbo.gov/publication/57627>

See Subtitle H; sum of "Corporate Alternative Minimum Tax," "Limitation on deductions for interest expenses," "Outbound international provisions," and "Inbound international provisions."