

2020 Democratic President Candidate Tax Plans

| <i>Topic</i> | <i>Vice President Joe Biden</i> | <i>Senator Elizabeth Warren</i> | <i>Senator Bernie Sanders</i> | <i>Mayor Pete Buttigieg</i> |
|---------------------------|--|---|---|---|
| Business Proposals | | | | |
| 1. Corporate Rate | 28 percent | 35 percent | 35 percent | 35 percent |
| 2. Tax on Book Income | 15 percent minimum tax on book income for companies with net income of more than \$100 million. The minimum tax would give credit for foreign taxes paid and allow for carryovers. | Real Corporate Profits Tax. Tax company book income over \$100 million at a seven percent rate (this is in addition to the 35 percent corporate income tax and, unlike a minimum tax, is not creditable against regular tax in the future). | N/A | N/A |
| 3. International Tax | Increase global intangible low-taxed income (GILTI) to 21 percent. | A. A country-by-country minimum tax of 35 percent. B. Sales factor apportionment for foreign companies selling into the United States | A. Apply the same rate on foreign and domestic income, and apply a per country limit to the foreign tax credit. B. "Reforming" the Base Erosion Anti-Abuse Tax (BEAT) by lowering its threshold for application and raising its rate to 17.5 percent excluding deductible payments that give rise to US income. C. Eliminate deduction for foreign-derived intangible income (FDII). | Tax global income of a multinational based on sales factor apportionment. |

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| 4. Additional Corporate Taxes | N/A | Excessive Lobbying Tax. Companies that spend over \$500,000 on lobbying are taxed at a rate of 35 percent on that spending; the tax increases to 60 percent for companies that spend over \$1 million and 75 percent for companies that spend over \$5 million. | Tax Excessive CEO Pay Act. Companies with gaps between their CEO and median worker pay will see an increase of up to 5 percentage points to their corporate tax rate based on the CEO-to-median-worker pay ratio reported to the SEC. Applies to all companies with annual revenue above \$100 million. | N/A |
| 5. Financial Transaction Tax/Bank Tax | N/A | A. 0.1 percent tax on the trades of stocks, bonds and derivatives. B. A financial risk fee of 0.15 percent of covered liabilities for large banks. | A. The proposal sets different rates on stocks, bonds, and derivatives based on the existing transaction costs in each market—0.5 percent for stocks, 0.1 percent for bonds, and 0.005 for derivatives. B. Supports some form of tax on large financial institutions. One suggestion by Sanders is a 0.07 fee on covered liabilities of financial institutions with \$50 billion or more in total assets. | Interested in a financial transactions tax if, "we could find the right way to implement it and the devil's in the details...." |

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| 6. Health Related Taxes | N/A | Rather than making premium payments to private insurers, companies with 50 or more employees would pay a contribution to the federal government. Employers would calculate their contribution by averaging health-care costs per employee over the last three years, multiplying that average by their total number of employees, and paying 98 percent of the total. | Employers pay a 7.5 percent payroll tax to finance Medicare for All. | A. Tax pharmaceutical company's gross sales of the drug when they do not reach a "negotiated fair price" with the federal government. The rates start at 65 percent and increase 10 percentage points to 95 percent each quarter that the company does not reach an agreement. |

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| 7. Misc. Proposals | <p>A. End "\$40 billion" in fossil fuel subsidies. B. Eliminate tax preferences for the real estate industry, including rules for pass-through income deduction. C. Restore the full value of the electric vehicle (EV) tax credit and modify it to target middle class consumers. D. Reinstate the solar investment tax credit (ITC). E. Expand the New Markets Tax Credit (NMTC) to \$5 billion per year. F. Disallow pharmaceutical companies from taking an advertising deduction. G. Impose sanctions on countries that facilitate illegal corporate tax avoidance and engage in harmful tax competition. H. Tighten the worker classification rules and increase penalties for misclassification.</p> | <p>A. Repeal bonus depreciation; make tax depreciation allowance closer to economic depreciation. B. Extend tax credits for the purchase of zero-emission vehicles. C. Extend existing credits for wind and solar. D. Eliminate tax preferences for fossil fuels. E. Create a lead safety tax credit. F. Establish refundable credits for energy efficiency upgrades. G. Impose 3.8 percent tax on active income of S corporations and partnerships.</p> | <p>A. Eliminates tax treatment of grantor retained annuity trusts, as well as other types of trusts. B. Require that S-Corporations pay payroll taxes on all income C. Requires that all business income of high-income individuals is subject to the 3.8 percent Medicare surtax. D. Impose a 25 percent tax on sales of non-owner-occupied properties sold within five years of their purchase for profit. E. Impose a 2 percent Empty Homes tax on the property value of vacant and owned homes. F. Repeal bonus depreciation. G. Eliminate tax preferences for fossil fuels, and impose a tax on the industry for their "contribution to pollution." H. Eliminate "virtually all corporate tax breaks and loopholes." J. Further limiting the interest deduction to 20 percent of adjusted taxable income. K. Tighten the worker classification rules.</p> | <p>A. Enhance the EV Credit. B. Extend and expand the tax credits for wind, solar, geothermal, and create credits for other clean energy like battery storage. C. Eliminate tax preferences for fossil fuels. D. Enhance the 45Q carbon capture credit. E. Expand the low-income tax credit (LIHTC). F. Require the Department of Transportation to propose a new user fee-based system, such as a vehicle-miles-traveled fee to replace the gas tax. G. Create US climate action bonds that will be used to fund "clean energy and resilience projects." H. Enact a carbon tax, that includes rebates for lower- and middle- income individuals.</p> |

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| Individual Proposals | | | | |
| 1. Rates | <p>A. Rollback the tax cuts from the Tax Cuts and Jobs Act of 2017 (TCJA) for high income taxpayers; reinstate a 39.6 percent top rate.</p> <p>B. Repeal the 20 percent deduction on pass-through business income.</p> | Rollback the tax cuts from the TCJA. | <p>A. New tax brackets. \$200,000-\$250,000 taxed at 35 percent; \$250,000-\$500,000 taxed at 40 percent; \$500,000-\$2,000,000 taxed at 45 percent; \$2,000,000-\$10,000,000 taxed at 50 percent; \$10,000,000 and above taxed at 52 percent.</p> <p>B. Plan also repeals the 20 percent deduction on pass-through business income and requires that large businesses pay corporate taxes.</p> | Supports considering "a higher marginal tax rate for top income earners." |
| 2. Wealth Tax | N/A | A 2 percent tax on net worth above \$50 million, which increases to a 6 percent tax for households above \$1 billion. Those with a net worth over \$50 million who renounce their citizenship will face a 40 percent "exit tax." Tighten valuation rules. | Starts with a 1 percent tax on net worth above \$32 million for a married couple. The tax rate increases to 2 percent on net worth from \$50 million to \$250 million, 3 percent from \$250 million to \$500 million, 4 percent from \$500 million to \$1 billion, 5 percent from \$1 billion to \$2.5 billion, 6 percent from \$2.5 billion to \$5 billion, 7 percent from \$5 billion to \$10 billion, and 8 percent on everything over \$10 billion. The income | Has said, "we should consider a wealth tax." |

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| | | | brackets are halved for unmarried taxpayers. | |
| 3. Itemized Deductions | Cap itemized deductions at 28 percent. | N/A | Cap itemized deductions at 28 percent for households making above \$250,000. | N/A |
| 4. Capital Gains and Dividends | Tax capital gains and dividends as ordinary income for taxpayers with more than \$1 million in income. | Tax capital gains at ordinary income rates for the top 1 percent of households. Mark-to-market would also apply to these households. | Tax capital gains and dividends at ordinary income rates for households with income above \$250,000. | N/A |
| 5. SALT | Repeal the \$10,000 limitation. | N/A | N/A | N/A |
| 6. Social Security | Increase the Social Security earnings cap. | 14.8 percent contribution requirement on wages above \$250,000 as well as a 14.8 percent contribution requirement on net investment income for those individuals making more than \$250,000 and married couples families making more than \$400,000. | Subject all income above \$250,000 to the Social Security payroll tax. | Earnings above \$250,000 (family \$500,000) will face additional tax. Also, the plan provides social security credit for unpaid caregivers. |
| 7. Health Taxes | Expand eligibility for premium tax credits. | Health Savings Accounts, Medical Savings Accounts, and the deduction for medical expenses would be eliminated. | Ban employer-provided insurance and therefore repeal Health Savings Accounts, cafeteria plans, and the deduction for medical expenses. | Expand eligibility for premium tax credits. |

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| 8. Retirement Proposals | <p>A. Allow for tax deferral on additional types of retirement vehicles.</p> <p>B. Allow for caregivers, who aren't receiving wages, to make catch-up contributions to retirement accounts.</p> <p>C. Tax credits to encourage employers to offer retirement plans to their employees.</p> | N/A | N/A | <p>A. Create a Public Option 401(k). Automatically triggers a 3 percent contribution from employer into the retirement account when a worker contributes 1.5 percent of pre-tax income.</p> <p>B. Give workers the option to enroll in a standard savings plan with an employer match.</p> |
| 9. Misc. Proposals | <p>A. \$5,000 tax credit for informal caregivers.</p> <p>B. Expand the Earned Income Tax Credit (EITC) to older workers.</p> | <p>A. Raise excise tax on the purchase of guns to 30 percent and the excise tax on ammunition to 50 percent.</p> <p>B. Military contractors must meet a zero emission standard, or pay a fee of 1 percent of the total contract.</p> <p>C. Eliminate carried interest.</p> | N/A | <p>A. Expand the EITC.</p> |
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| Estate Tax/step-up in basis | Repeal step-up in basis at death. | <p>A. Lower the estate tax threshold to \$7 million, and raise the rates on bequests above the threshold amount.</p> <p>B. Repeal step-up in basis at death.</p> | Lower the estate tax threshold to \$7 million for a married couple's estate and \$3.5 million for an individual. The current 40 percent tax rate for inheritance over the threshold would be amended to: 45 percent for an estate between \$3.5 and \$10 million; 50 percent for an estate between \$10 million and \$50 million; 55 percent for an estate in excess of \$50 million; 77 percent for an estate in excess of \$1 billion. | "We should think about turning to a more equitable use of the estate tax, especially for the biggest and wealthiest estates." |