

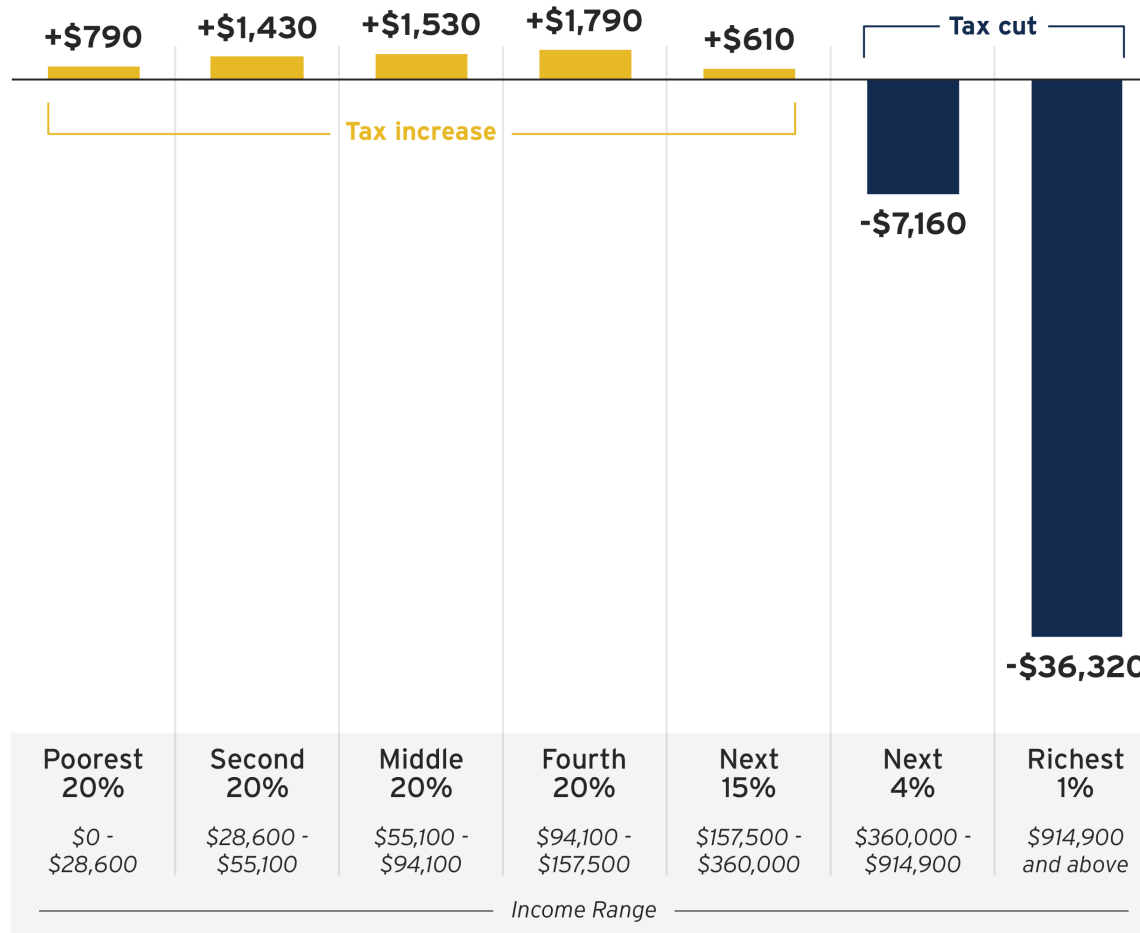


Analyzing the 2025 Federal Tax Debate



Trump Proposals Cut Taxes for the Richest 5%, Raise Taxes for Other Groups

Average tax change by income group in 2026



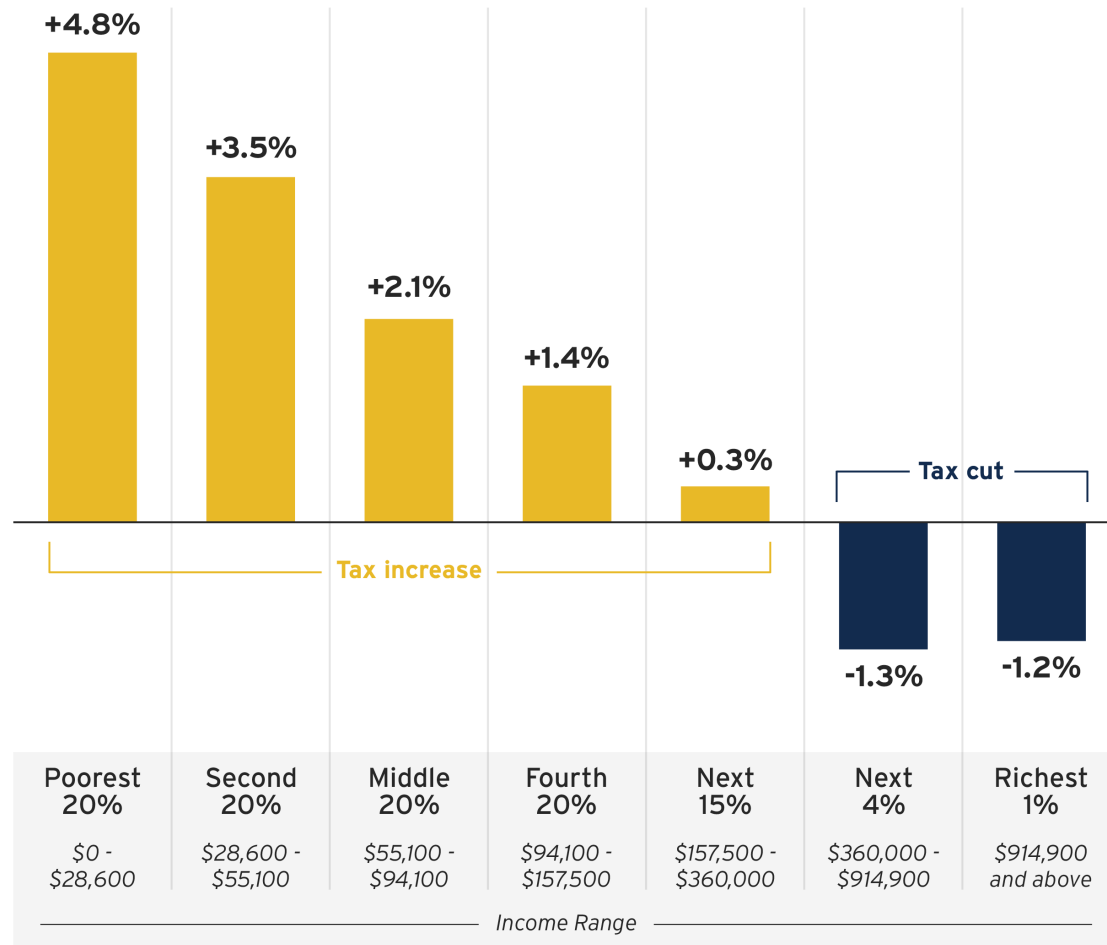
If Trump's tax proposals were in effect in 2026, the richest 1% would receive an average tax cut of \$36,320, and the next richest 4% would receive an average tax cut of \$7,160.

All other groups would see a tax increase, with the hike on the middle 20% at about \$1,500 and the increase on the lowest-income 20% of Americans at about \$800.

Source: Institute on Taxation and Economic Policy, October 2024

Poorest Americans See Largest Tax Increase from Trump Tax Proposals

Average tax change by income group in 2026



Source: Institute on Taxation and Economic Policy, October 2024

As a share of income, the tax increases would fall hardest on working-class families.

The middle 20% of Americans would face a tax increase equal to 2.1 percent of their income, while the poorest 20% of Americans would face a tax increase equal to 4.8% of their income - all while the top 5% get a tax cut.

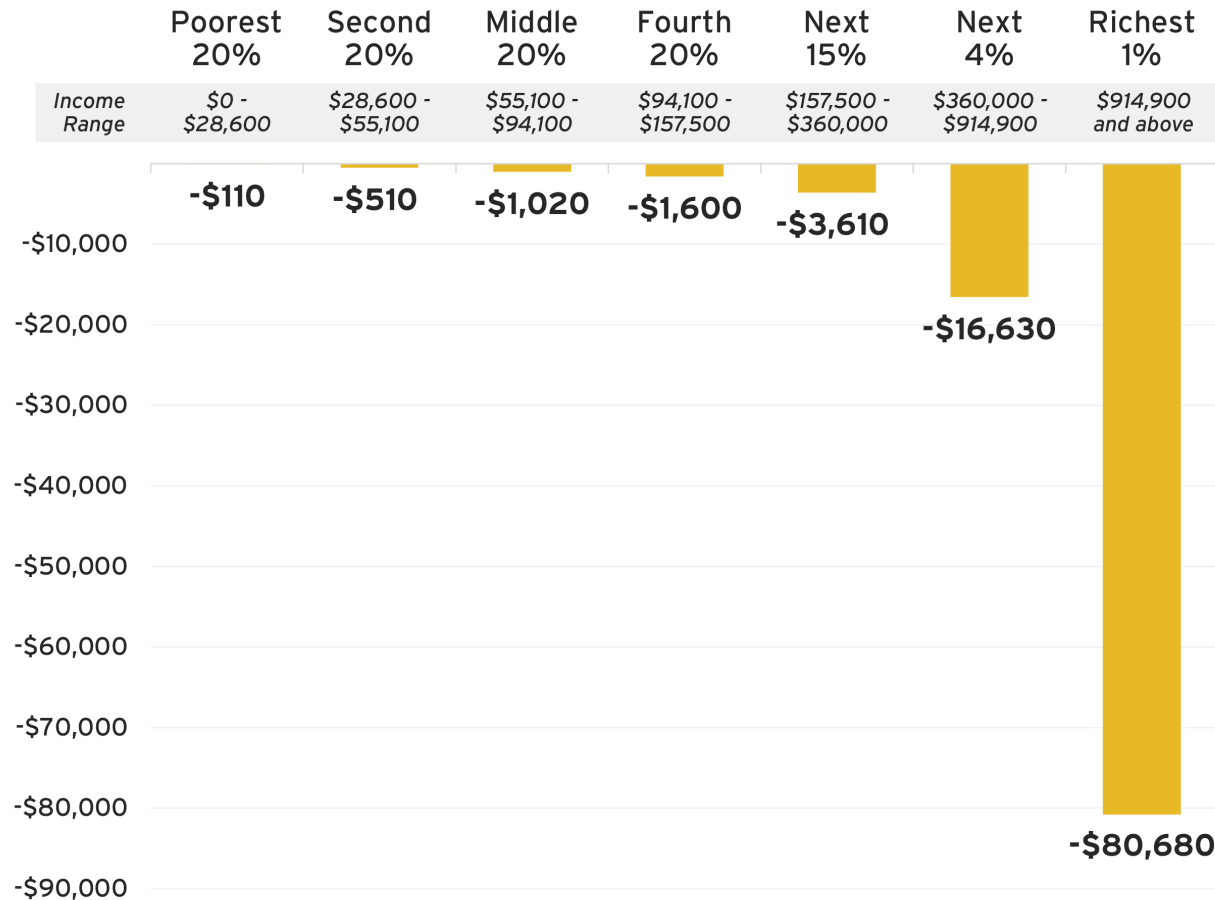
Average Tax Changes from Trump's Tax Proposals, by Category, in 2026

Category	Income group (income range)						
	Poorest 20% (\$0 - \$28,600)	Second 20% (\$28,600 - \$55,100)	Middle 20% (\$55,100 - \$94,100)	Fourth 20% (\$94,100 - \$157,500)	Next 15% (\$157,500 - \$360,000)	Next 4% (\$360,000 - \$914,900)	Richest 1% (\$914,900 and above)
20% tariffs (60% for China)	+\$930	+\$2,120	+\$3,370	+\$5,070	+\$7,400	+\$12,420	+\$42,050
Repeal green credits	+\$20	+\$30	+\$80	+\$160	+\$390	+\$1,310	+\$13,160
Corporate rate reductions	\$0	-\$20	-\$30	-\$50	-\$150	-\$600	-\$7,380
Exempting certain types of income	-\$50	-\$190	-\$870	-\$1,790	-\$3,420	-\$3,660	-\$3,470
2017 tax law extensions	-\$110	-\$510	-\$1,020	-\$1,600	-\$3,610	-\$16,630	-\$80,680
TOTAL tax change	+\$790	+\$1,430	+\$1,530	+\$1,790	+\$610	-\$7,160	-\$36,320

Source: Institute on Taxation and Economic Policy, October 2024

Average Tax Change From Trump's Plans to Make Most of the 2017 Tax Law Permanent in 2026

Average tax change, by income group, in 2026



Trump's plans to make permanent most of the temporary provisions of his 2017 tax law would disproportionately benefit the richest Americans. (This includes all major provisions except the \$10,000 cap on deductions for state and local taxes (SALT) paid.)

Source: Institute on Taxation and Economic Policy, December 2024

Revenue Impact in 2026 of Extending Most Temporary Provisions in 2017 Trump Tax Law

Changes in Income Tax Rates and Brackets	-\$214.9 billion
Changes in Other Tax Provisions	-\$251.1 billion
TOTAL	-\$466 billion

Making permanent most of the temporary provisions of the 2017 Trump tax law would also be very expensive. The resulting impact would be a cost of \$466 billion in the first year alone.

Before and After the Trump Tax Law for 16 Prominent Corporations

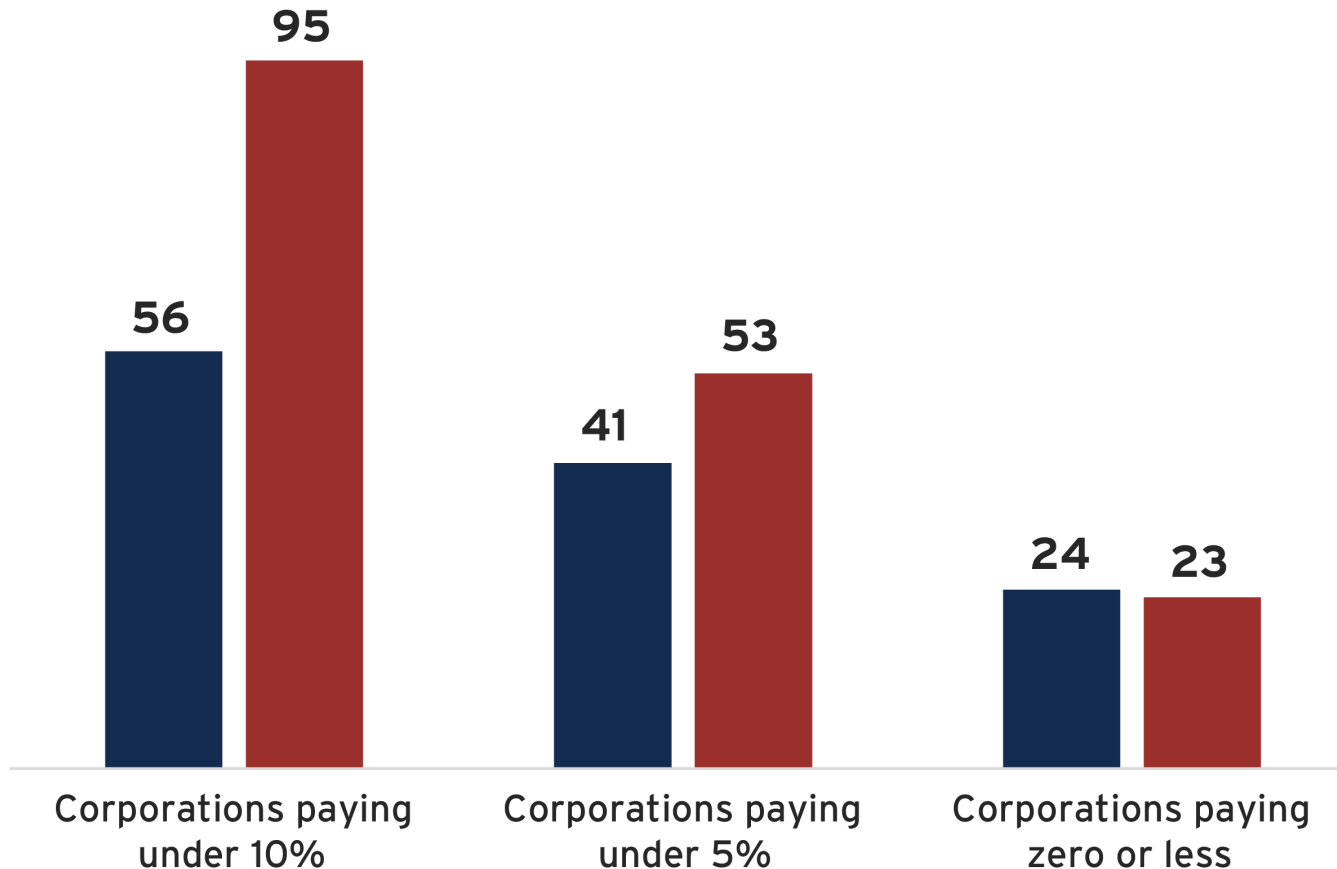
Company	Effective tax rates		Saved taxes	% change 2013-2016 to 2018-2021*	
	2013-2016	2018-2021		in profits	in taxes
Verizon Communications	21%	8%	\$10.7 billion	18%	-52%
Walmart	31%	17%	\$9.0 billion	-3%	-45%
AT&T	13%	3%	\$8.2 billion	1%	-81%
Meta	28%	18%	\$8.0 billion	372%	203%
Intel	27%	13%	\$7.7 billion	47%	-31%
Comcast	24%	14%	\$6.6 billion	42%	-17%
Walt Disney	26%	8%	\$6.1 billion	-27%	-78%
Visa	32%	18%	\$5.2 billion	74%	-2%
Lockheed Martin	33%	15%	\$5.0 billion	46%	-33%
Capital One Financial	31%	16%	\$5.1 billion	42%	-28%
Target	34%	16%	\$3.4 billion	25%	-42%
Honeywell International	23%	6%	\$2.3 billion	13%	-71%
FedEx	18%	1%	\$2.1 billion	7%	-92%
Deere	30%	13%	\$1.7 billion	2%	-54%
Archer Daniels Midland	26%	6%	\$838 million	-30%	-83%
Domino's Pizza	29%	9%	\$402 million	87%	-43%

America's largest, consistently profitable corporations saw their effective tax rates fall from an average of 22.0% to an average of 12.8% after the Trump tax law went into effect in 2018.

The 296 largest and consistently profitable U.S. corporations in ITEP's study paid \$240 billion less in taxes from 2018 to 2021 than if they had continued to pay the effective rates they'd paid before the Trump tax law.

*2017 was a transition year between the prior and post-Trump tax regimes and was thus excluded.
Source: ITEP analysis of Securities and Exchange Commission filings of publicly traded corporations

More Corporations Report Ultra-Low Tax Rates After Trump Tax Law Enactment

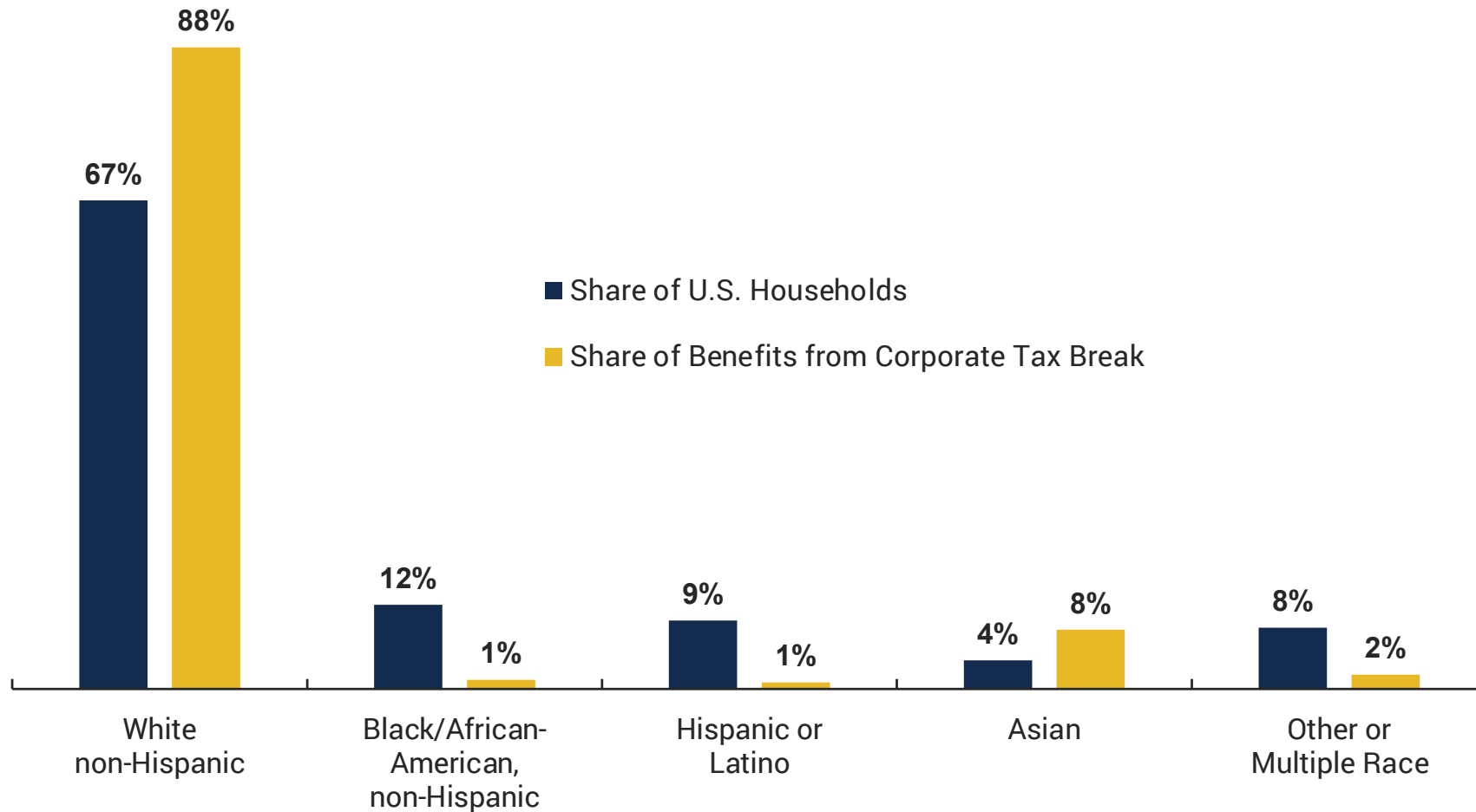


Source: ITEP analysis of Securities and Exchange Commission filings of publicly traded corporations

The number of companies paying low taxes became more pronounced in the wake of the Trump tax law:

- Of the 296 companies examined in ITEP's study, the number paying an effective tax rate of less than 10% rose from 56 in the pre-Trump period to 95 in the post-2017 period.
- The number of companies paying an effective tax rate of less than 5% rose from 41 in the pre-Trump period to 53 in the post-2017 period.

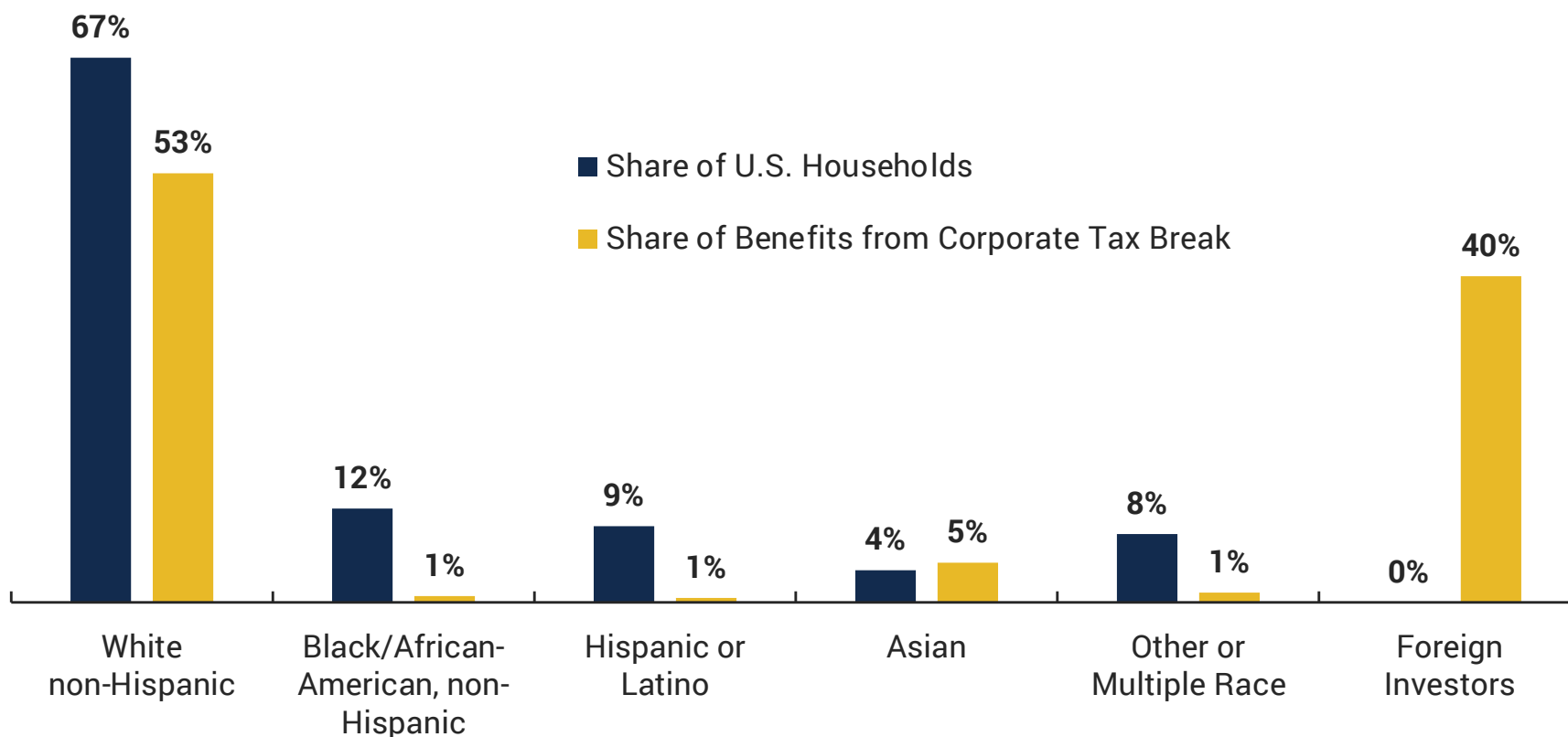
Distribution of Benefits from a Corporate Tax Cut During Its First Year in Effect, Across U.S. Racial/Ethnic Groups (Excluding Portion to Foreign Investors)



When corporations are allowed to pay less in taxes, the ultimate beneficiaries are mainly owners of corporate stocks. Because white households own a disproportionate share of stock, they disproportionately benefit.

White Americans receive 88% of the benefits that remain in the U.S. even though they make up only 67% of U.S. households. In contrast, Black and Hispanic households each receive just 1% of the benefits despite making up 12% and 9% of households respectively.

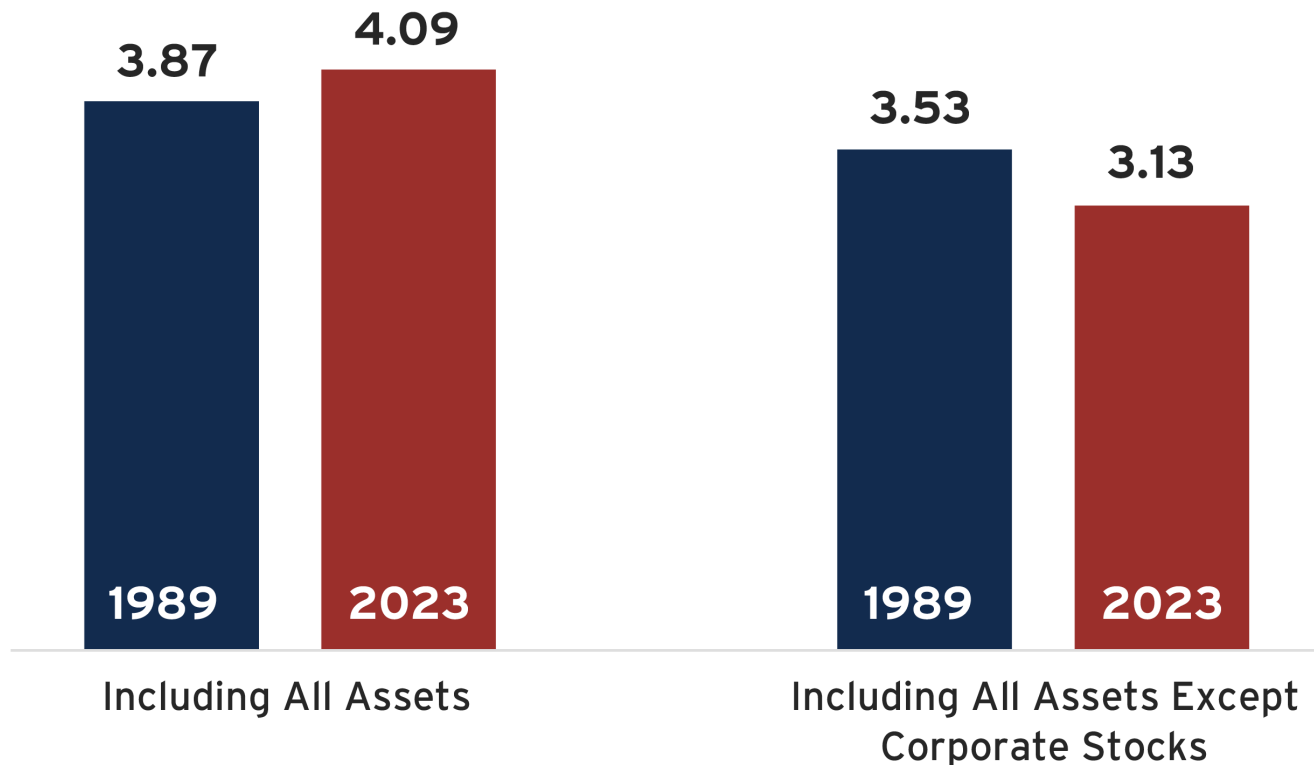
Distribution of Benefits from a Corporate Tax Break During Its First Year in Effect, Across U.S. Racial/Ethnic Groups and Foreign Investors



A huge portion of stock in American corporations is owned by foreign investors. This means a huge share of the benefits from lower corporate taxes flows out of the U.S. to foreign investors, and Americans overall lose out as a result.

When foreign investors are taken into account, the share of benefits flowing to nearly all major racial/ethnic groups is noticeably below their share of U.S. households.

Ratio of Average White Wealth to Average Black Wealth: mid-1989 vs. mid-2023



Source: ITEP and LibGen's calculations based on data from the Federal Reserve Board's 2022 Survey of Consumer Finance

Corporate tax breaks and corporate tax avoidance significantly contribute to the racial wealth gap. In the middle of 1989, the average net worth of white households was 3.87 times that of Black households and this gap grew over time. By the middle of 2023, the average net worth of white households was 4.09 times that of Black households.

But this racial wealth gap would have declined if not for the part of household net worth made up of corporate stocks. If we consider households' average net worth but exclude corporate stocks, we find the white to Black ratio actually falls over this time period, from 3.53 to 3.13.