No Tax Cuts for the Wealthy and Corporations Paid for by Cuts to Medicare, Medicaid, and Social Security: Congressional Progressive Caucus Priorities for a Fair Tax Code

After unsuccessfully attempting to strip healthcare from millions of Americans in order to give the wealthy and corporations a massive tax cut, President Trump and his Congressional Republican cohorts are once again seeking huge new tax breaks for the wealthy and corporations that will threaten Social Security, Medicare, Medicaid, education, and other services on which so many depend.

For decades, Republicans have worked with special interests to rig our federal tax system at the expense of working families. Our tax code encourages multinational corporations to shift profits and jobs offshore. It allows hugely profitable companies to pay little in taxes while working people and small-business owners, who play by the rules, are left to foot the bill. And it taxes hedge fund managers at a lower rate than ordinary workers. The Congressional Progressive Caucus will insist on the following priorities in any tax plan considered in the 115th Congress:

No tax cuts for large corporations and the wealthiest few, who need to pay their fair share of taxes to support an economy that works for everyone:

- We oppose any additional federal borrowing or cuts to vital services to pay for tax breaks for the wealthy and corporations. Indeed, we believe that more revenue is needed to support vital public services and investments in working families.
- Corporate profits are at record highs, while corporate taxes paid are at record lows. In the 1950s, corporate taxes made up $1 of every $3 in federal revenues. Today, only $1 in every $9 of federal revenues come from corporations.
- The myth that tax cuts for those at the top pay for themselves through more growth has been repeatedly debunked. The same corporations that have shifted profits and jobs offshore now claim that securing even more tax breaks will benefit their workers. We reject the claim that the best way to create jobs and increase wages is to reward corporations with even more tax breaks.
- We cannot allow special-interest lobbyists to disguise huge tax breaks for those at the top behind claims of modest middle-class tax cuts. Massive tax giveaways for the superrich will mean cuts to Social Security, Medicare, education, disaster relief for our neighbors, and will threaten our ability to invest in our economic future.
Eliminate tax incentives for corporations to shift jobs and profits offshore:

- Multinationals already pay less in taxes on offshore profits than on profits earned in America, creating a powerful incentive to ship jobs and profits offshore, while disadvantaging domestic companies. Now Republicans would heighten that incentive to invest abroad instead of at home by eliminating taxes for multinationals on profits booked offshore through a new “territorial” system. This must be vigorously opposed.
- Tax reform should end the preferential treatment of foreign profits—called “deferral”—to level the playing field for small and domestic businesses and crack down on corporate tax avoidance. The deferral loophole enables multinationals to indefinitely dodge taxes on profits booked offshore, leading to tax avoidance on massive profits.

Corporations should not receive an unfair and costly repatriation tax break—they should pay what they owe:

- U.S. corporations have $2.6 trillion in untaxed offshore profits because of the deferral tax break. Much of these profits were earned in the U.S., but booked to offshore subsidiaries—often in tax havens—with the help of armies of tax lawyers. Just 10 companies own 40 percent of the trillions in offshore profits.
- These profits are not “trapped” or “stranded” offshore. Without initially paying any U.S. tax, companies are already able to invest their offshore earnings in U.S. stocks, bonds, and other assets.
- It’s wrong to reward wealthy multinational corporations that avoided taxes by shifting jobs and profits offshore while so many domestic companies and smaller businesses pay what they owe. As we learned from the 2004 repatriation tax holiday, repatriation tax breaks create no jobs, provide a windfall for a small handful of profitable multinationals, and cost taxpayers billions.

No tax changes without first reviewing President Trump’s tax returns, and those of his businesses:

- President Trump has bragged about bending the tax code to his whim, and claimed that only he can fix it. Without full disclosure of his tax returns, the American people cannot determine whether his tax plan will just rig the system even further in favor of his family.

A fair tax plan must invest in working families:

- A fair tax agenda is outlined in The People’s Budget, which invests in an economy that works for everyone, and strengthens the ability of government to improve the lives of working families and communities of color.
- Making the rich and corporations pay their fair share allows us to ensure health care, quality housing, and a secure retirement for all Americans. Tax benefits for seniors, renters, families struggling to make ends meet, and working people should be expanded, strengthened and adjusted for inflation. Increasing their refundability would assist those most in need.