

The Disparate Impacts of Trump’s Proposed Tax Law Reform

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President-elect Donald Trump’s [tax plan](#), if passed by Congress, is predicted to help the rich get richer while the poor get poorer. Trump’s plan to reduce overall taxes will have the likely effect of keeping money in the hands of the 1 percent of American households, creating family ["dynasties"](#) and providing corporations with large tax cuts, while generating less income for the government and the poor.

According to the nonpartisan Tax Policy Center, the top 1 percent of the population will [save](#) \$317,000 per year in taxes, and billionaire families could potentially save hundreds of millions of dollars in the repeal of the estate tax. Income taxes on the highest earners will go from the current [real](#) top rate of 43.4 (33.9 plus Affordable Care Act tax) to 25 percent. The current 40 percent estate tax paid on federal estate or gift tax on amounts above \$5.45 million will be repealed – with minor [exceptions](#) for capital gain valued over \$10 million. Furthermore, the marginal rate of itemized deductions will be reduced and capped at \$200,000 (\$100,000 if single), thereby reducing incentives to donate to charity.

The tax plan will also allow corporations to amass even more wealth. The biggest change for American corporations will come from a reduction in the income tax rate, from 35 to 15 percent. In addition, the corporate alternative minimum tax will be eliminated – further reducing the amount corporations pay in taxes.

With planned spending on infrastructure estimated to cost more than [\\$3.3 trillion](#) in the next decade and less income generated from taxes, it is expected that there will be inflationary periods in the US economy.

Moreover, inflation leads to increased income inequality. The rich will benefit since their ample assets will appreciate with inflation, while the poor will suffer due to increases in the prices of food and goods. Additionally, the government – due to reduced income from the lowered tax-rates – will be limited in its ability to alleviate the disparate effects of Trump’s tax policy, leaving America’s poor in a dire position.