



Tax Policy Platform

Sen. Bernie Sanders (I-VT)



Individual Taxes

- Income Tax Rates
- Itemized Deduction Cap
- Capital Gains



Social Safety Net

- Earned Income Tax Credit
- Child Tax Credit



Payroll Taxes

- Social Security Payroll Tax
- Employer Payroll Tax



Wealth and Estate Tax

- Tax on Extreme Wealth
- Graduated Estate Tax



Financial Transactions Tax

- FTT

Sanders's Proposals





Individual

Income Tax Rates

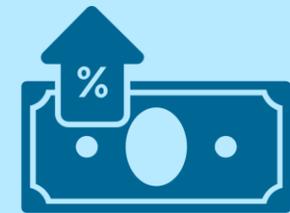


Income Tax Rates Overview: The TCJA reduced the top income tax rate from 39.6% to 37%. The current rate structure has the following brackets: 10%, 12%, 22%, 24%, 32%, 35%, and 37%. There is also an additional 3.8% surcharge on net investment income that applies to high-income individuals.



Closer Look: Sanders Proposal

- The Sanders proposal would retain the bottom six brackets and then amend or add four more:
 - The 35% rate under current law would become 40% for many taxpayers
 - Sanders then adds 45%, 50%, and 52% rates
 - The final bracket would apply to individuals earning over \$10 million.
- In addition to these brackets, Sanders would also impose a 4% "income-based premium" at each level. His campaign claims that this 4% surtax would raise an additional \$3.5 trillion over 10 years, and would be used to help provide free health insurance for all Americans.

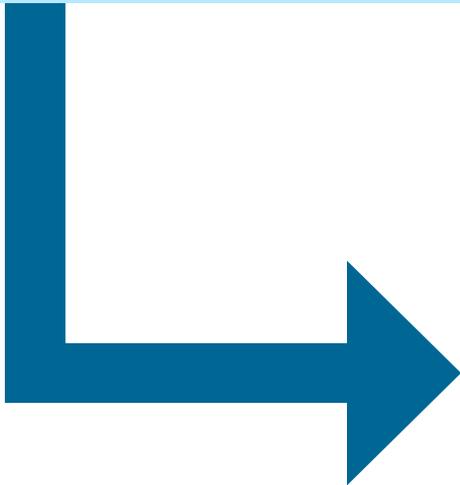


Sanders's rate structure has little chance of becoming law, even with a Democratic majority. While rate hikes are likely for high-income earners, a 52% top rate is unlikely to gain traction. Though the Sanders plan may not be viable, it has pushed Democratic candidates to embrace rate hikes for high-income individuals.

Itemized Deduction Cap

Current Law

- Under current law, taxpayers are entitled to deduct the greater of
 - 1) The standard deduction, or
 - 2) The sum of the itemized deductions.
- While certain itemized deductions are capped, there is no longer any overall limitation on a taxpayer's itemized deductions.



Sanders Proposal

- Sanders would cap the maximum benefit of itemized deductions at 28%.

Capital Gains



The Sanders plan would equalize the tax rate on capital gains and dividends to ordinary income tax rates for those earning over \$250,000.



Earned Income Tax Credit

Child Tax Credit

Social Safety Net

Social Safety Net

Earned Income Tax Credit



- Expand the EITC by 25% for families with children and substantially strengthen the EITC for childless workers.

Child Tax Credit



- Increase the CTC from \$2,000 per qualifying child to \$3,000 per qualifying child, with an additional \$600 bump up for children under the age of six.



Social Security Payroll Tax

Employer Payroll Tax

Payroll Taxes

Payroll Taxes

Social Security Payroll Tax



- Under current law, employers and employees split a 12.4% tax on earnings up to \$132,900—the current Social Security wage base. The Sanders plan would require employers and employees to split the Medicare tax (12.4%) again once earnings are greater than \$250,000.

Employer Payroll Tax



- Sanders would impose an additional 7.5% payroll tax on employers. Sanders would protect small businesses by exempting the first \$2 million in wages paid from the tax.



Tax on Extreme Wealth

Graduated Estate Tax

Wealth and Estate Tax

Tax on Extreme Wealth

How it Works:

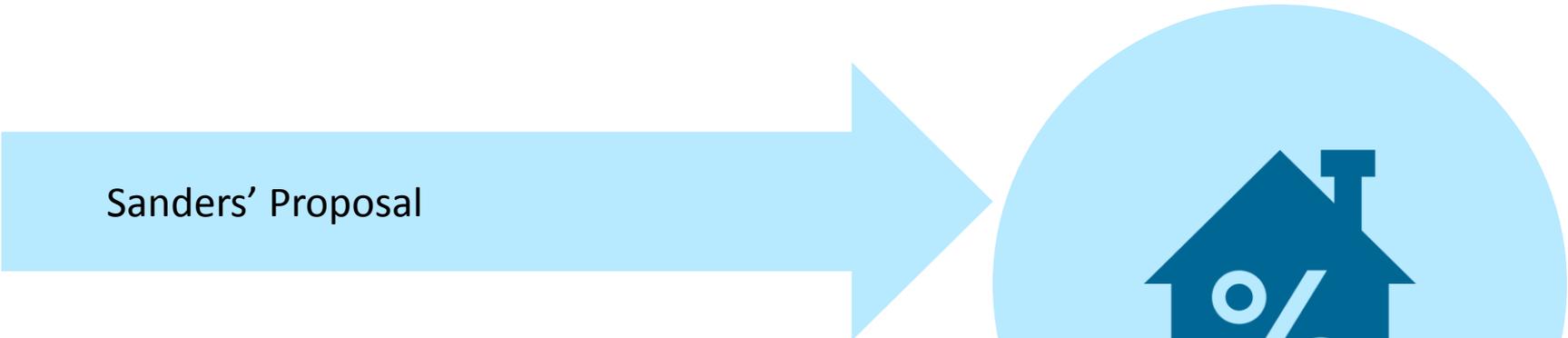
- A progressive rate that would apply to the wealthiest 180,000 households in America in the top 0.1 %. Brackets are halved for single filers.
 - 1% tax on net worth above \$32 million for a married couple
 - 2% from \$50 to \$250 million
 - 3% from \$250 to \$500 million
 - 4% from \$500 million to \$1 billion
 - 5% from \$1 to \$2.5 billion
 - 6% from \$2.5 to \$5 billion
 - 7% from \$5 to \$10 billion
 - 8% on wealth over \$10 billion

Enforcement:

- Increases Internal Revenue Service (IRS) funding for enforcement.
- Requires the IRS to perform:
 - An audit of 30% of wealth tax returns for individuals in the 1% bracket
 - A 100% audit rate for all billionaires
 - Imposes a 40% exit tax on the net value of all assets under \$1 billion and 60% over \$1 billion for qualifying individuals seeking repatriation.
 - Enhances the international tax enforcement and the anti-money laundering regime under the Foreign Account Tax Compliance Act.

Sanders proposal would also establish a wealth registry and additional third party reporting requirements.

Wealth and Estate Tax



Sanders' Proposal

- Sanders would impose a tax of
 - ⇒ 45% on assets valued between \$3.5-10 million
 - ⇒ 50% on assets valued between \$10-50 million
 - ⇒ 55% on assets valued between \$50-500 million
 - ⇒ All estates valued at more than \$1 billion would be taxed at 77%
- Under current law, only estates valued at over \$11.4 million are subject to the 40% federal estate tax.



Financial Transaction Tax

Financial Transaction Tax

Financial Transaction Tax



The Sanders plan would impose a new FTT on stock, bonds, and derivative trades. Proposed taxes include:

- 0.5% tax on non-stock transactions
- 0.1% tax on bond trades
- 0.005% tax on derivatives transactions
- This could be used to cancel student loan debt and finance free college education

 Brownstein Hyatt
Farber Schreck