

# Trump and Cruz Tax Proposals under the NCPA/BHI National Model

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## The Trump Tax Proposal

- Overall calls for a federal tax schedule with four brackets:
  - 0%
  - 10%
  - 20%
  - 25%
- It would also eliminate the marriage penalty and the Alternative Minimum Tax (AMT)
- The charitable giving and mortgage interest deductions would remain in the tax code.
- Eliminates the death tax.
- Calls for offsets to “pay for the tax cuts.”
- Eliminate loopholes for the exceptionally high income earners and phase out itemized deductions and end the tax exemption for life insurance interest.
- Ends tax treatment of carried interest for speculative partnerships.
- Reforms corporate taxation with a 10 % repatriation tax on overseas holdings.
- He would also reduce or eliminate loopholes and enact a cap on business interest expenses.

**Table 1: Revenue Change (\$b): Trump**

Change	2017	2017-2026	2040
<b>Total Federal Revenue (\$b)</b>	<b>(674)</b>	<b>(7,769)</b>	<b>(1,369)</b>
Social Security Tax	15	135	1
Personal Income Tax	(423)	(4,880)	(855)
Corporate Income Tax	(250)	(2,859)	(492)
Excise Taxes	2	25	6
Estate and Gift Taxes	(21)	(245)	(42)
Trade Duties	1	13	3
Other Taxes and Fees	3	43	10
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<b>State and Local Taxes (\$b)</b>	<b>66</b>	<b>807</b>	<b>150</b>

**Table 2: Economic Effects: Trump**

<b>Change</b>	<b>2017</b>	<b>2026</b>	<b>2040</b>
Employment ('000)	2,995	3,068	3,686
%	1.98	1.56	1.24
Real GDP (\$b)	230	552	969
%	1.32	2.61	3.40
Personal Income (\$b)	698	924	916
%	4.14	3.80	3.74
Investment (\$b)	58	186	539
%	2.19	4.04	5.01

**The Cruz Tax Proposal**

- Reforms by consolidating existing brackets into single rate of 10% on the following:
  - Wages, salaries, interest, capital gains, dividends and business income.
  - Increases standard deduction.
- Expands
  - the Earned Income Tax Credit
  - the Child Care Credit.
- Eliminates most deductions except for
  - Charitable Tax Credit.
  - Home Mortgage Deduction, capped at principal value of \$500,000.
- Establishes
  - Universal Savings Accounts.
- Eliminates
  - Death Tax.
  - Overseas Profits Tax.
  - Alternative Minimum Tax (AMT).
  - Affordable Care Act Taxes.
  - Corporate Tax.
- Establishes a Business Transfer Tax or Value Added Tax at a 16% rate.

**Table 3: Revenue Change (\$b): Cruz**

<b>Change</b>	<b>2017</b>	<b>2017-2026</b>	<b>2040</b>
<b>Total Federal Revenue (\$b)</b>	<b>(713)</b>	<b>(7,828)</b>	<b>(1,222)</b>
Social Security Tax	(1,201)	(13,752)	(2,361)
Personal Income Tax	(921)	(10,606)	(1,848)
Corporate Income Tax	(308)	(3,524)	(605)
Excise Taxes	0	14	7
Estate and Gift Taxes	(21)	(245)	(42)
Trade Duties	0	7	4
Other Taxes and Fees	0	23	12
Business Flat Tax	1,737	20,256	3,612
<b>State and Local Taxes (\$b)</b>	<b>8.09</b>	<b>313</b>	<b>102</b>

**Table 4: Economic Effects: Cruz**

<b>Change</b>	<b>2017</b>	<b>2026</b>	<b>2040</b>
Employment ('000)	6,263	5,099	4,199
%	4.11	2.59	1.41
Real GDP (\$b)	420	1,681	3,271
%	2.40	7.95	11.47
Personal Income (\$b)	1,139	1,528	1,508
%	6.74	6.28	6.16
Investment (\$b)	333	1,005	2,920
%	12.50	21.84	27.12