

A fair tax system

Making sure the wealthy, Wall Street, and corporations pay their fair share in taxes.



Hillary Clinton believes that we need an economy that works for everyone, not just those at the top. But when it comes to taxes, too often the wealthiest and the largest corporations are playing by a different set of rules than hardworking families. Hillary is committed to restoring basic fairness in our tax code and ensuring that the wealthiest Americans and large corporations pay their fair share, while providing tax relief to working families. That’s not only fair, it’s good for economic growth, because she will use the proceeds to create good-paying jobs here in America—and make bold investments that leave our economy more competitive over the long run.

As president, Hillary will:

- **Restore basic fairness to our tax code.** Hillary will implement a “fair share surcharge” on multi-millionaires and billionaires and fight for measures like the Buffett Rule to ensure the wealthiest Americans do not pay a lower tax rate than hardworking middle-class families. She’ll close loopholes that create a private tax system for the most fortunate, and she’ll ensure multi-million-dollar estates are paying their fair share of taxes.

- **Close corporate and Wall Street tax loopholes and invest in America.** Hillary will close tax loopholes like inversions that reward companies for shifting profits and jobs overseas. She will charge an “exit tax” for companies leaving the U.S. to settle up on their untaxed foreign earnings. She will close tax loopholes that let Wall Street money managers pay lower rates than some middle-class families. And she’ll reward businesses that invest in good-paying jobs here in the United States.
- **Simplify and cut taxes for small businesses so they can hire and grow.** The smallest businesses, with one to five employees, spend 150 hours and \$1,100 per employee on federal tax compliance. That’s more than 20 times higher than the average for far larger firms. We’ve got to fix that.
- **Provide tax relief to working families from the rising costs they face.** For too many years, middle-class families have been squeezed by rising costs for everything from child care to health care to affording college. Hillary will offer relief from these rising costs, including tax relief for Americans facing excessive out-of-pocket health care costs and for those caring for an ill or elderly family member.
- **Pay for ambitious investments in a fiscally responsible way.** Hillary believes that we can afford to pay for ambitious, progressive investments in good-paying jobs, debt-free college, and other measures to strengthen growth, broaden opportunity, and reduce inequality. Hillary will use the proceeds from ensuring the wealthiest and the largest corporations pay their fair share to pay for these investments without adding to the debt.

(Note: the following is from the Clinton Campaign’s related ‘fact sheet.’)

To Ensure Tax Fairness, Clinton Unveils New ‘Fair Share Surcharge’ on Multi-Millionaires

Today at an organizing event in Waterloo, Iowa, Hillary Clinton unveiled a new surcharge on multi-millionaires to ensure these taxpayers pay their fair share so we can invest in creating good-paying jobs and raising wages for the middle class, not just those at the top. Expanding on the central idea of the “Buffett Rule,” she called for imposing a four-percent “Fair Share Surcharge” on Americans who make more than \$5 million per year – a measure that would only affect the top 0.02 percent of taxpayers. The remaining 99.98 percent of taxpayers would be unaffected. Clinton has pledged that she will not raise taxes on middle-class families and has already proposed tax relief for college and health care costs.

Clinton's "Fair Share Surcharge" is a direct way to guarantee that effective tax rates rise for the taxpayers most likely to avoid paying their fair share through tax gimmicks and exploiting loopholes. Clinton's proposal would force Americans making more than \$5 million per year to pay an effective rate higher than middle-class families, along with other measures she has proposed to close loopholes such as the "Buffett Rule."

"It's outrageous that multi-millionaires and billionaires are allowed to play by a different set of rules than hard-working families, especially when it comes to paying their fair share of taxes," said Hillary Clinton. "I disagree with Republicans who say that America needs yet another massive tax cut for the very rich. That's the exact opposite of what we should do. Instead, let's make sure the rich pay their fair share. That's what my proposal would do. It would let us to make the investments we need to create more good-paying jobs and make college more affordable. That's what American families need – not another giveaway to the super wealthy."

Clinton's proposal aligns with [recent reporting by the Washington Post](#), which explained that one of the surest ways to raise effective rates on multi-millionaires is to directly increase their taxes. The experience of the past few years shows that a surcharge can directly raise the effective rates on multi-millionaires, in ways even their tax maneuvers cannot game: as a result of President Obama securing the end of the high-income Bush tax cuts and other measures, the effective rate paid by the top 400 taxpayers rose from less than 17 percent in 2012 to 23 percent in 2013. In concert with other loophole closers and reforms to be announced this week, Clinton's "Fair Share Surcharge" would directly target what often leads to these lower effective rates: the [so-called private tax system](#) where tax lawyers and personal accountants help multi-millionaires shelter their income and avoid U.S. taxes. This announcement fulfills Clinton's promise to expand on the "Buffett Rule" – the proposal named after Warren Buffett, who has endorsed Clinton, which ensures that no millionaire would pay a lower effective tax rate than their secretary. She has also said she would end the "carried interest" loophole and close loopholes and tax expenditures that benefit multi-millionaires.