



Trump Family Tax Fraud: A Blueprint for Trump's Tax Law

Report of the Senate Finance Committee Democratic Staff

October 22, 2018

Press contact: Rachel McCleery - (202) 224-4515
@SenateFinance

“While state authorities investigate Trump and his family’s alleged crimes, it has become even more obvious than ever that Trump’s tax law is a blueprint to enrich the fortunate and keep the Trump Family tradition alive,” said Wyden. **“When the president’s donors and cronies aren’t paying their fair share, middle-class taxpayers get ripped off. With every new tax cheat there is less money to fund Medicare, Medicaid, and Social Security—critical programs Republicans are already plotting to cut next year.”**

Trump’s tax law supercharges tax avoidance schemes for the most fortunate

Donald Trump spent years conspiring with his father and siblings to dodge taxes through sham transactions and illegal tax fraud, according to [media reports](#). Trump’s tax law has only made dodging taxes easier. While the most fortunate [used these types of schemes](#) before, big giveaways to the wealthy under Trump’s tax law are [supercharging old strategies](#) and creating [brand new loopholes](#).

Meanwhile, it has never been a better time to be a tax cheat. Due to Republican budget cuts, IRS audits [have fallen to a 15-year low](#), especially of high income earners, whose audits have fallen the most. As audits of dodgy tax schemes drop, criminal enforcement has plummeted. According to ProPublica, IRS criminal referrals [dropped](#) from 589 in 2012 to 328 in 2016.

Trump’s tax law rewards multinational corporations for offshoring jobs and stashing profits in tax havens

While Donald Trump and Congressional Republicans claimed the top priority of their tax law was promoting jobs and investment in the United States, [their new international tax regime instead rewards companies for investing overseas](#). Trump’s tax law created even greater complexity, new gigantic loopholes, and a system that continues to encourage foreign over U.S. investment.

The Trump family [has benefitted from manufacturing their branded products overseas](#). Trump’s tax law has created a tax system where [companies are rewarded for putting new plants and equipment \(and the jobs to build and run them\) offshore](#). And the bad incentives don’t end there. Trump’s law also includes rules that allow multinational corporations to avoid taxes on income stashed in tax havens.

Rather than leveling the international playing field, Trump’s tax law [punishes companies that have not gamed the system](#) with aggressive tax planning and that operate in countries with tax rates higher than the U.S. Meanwhile, those shifting income to tax havens and offshoring U.S. jobs continue to be rewarded.

Trump’s tax law produced a stock buyback bonanza for multinational corporations that hoarded cash overseas

Since Trump’s tax law passed, major corporations have announced [more than \\$775 billion in stock buybacks](#). By funneling corporate tax cuts into buybacks, corporate CEOs can use these windfalls to inflate stock prices. These inflated prices, in turn, [boost CEOs’ stock-based compensation](#) and enrich wealthy shareholders.

A Securities and Exchange Commission study shows that corporate executives personally take advantage of stock buyback announcements to line their own pockets. In a [June speech](#) releasing this analysis, SEC Commissioner Robert Jackson said, “the Trump tax bill has unleashed an unprecedented wave of buybacks, and I worry that lax SEC rules and corporate oversight are giving executives yet another chance to cash out at investor expense.”

The massive wave of corporate stock buybacks under Trump’s tax law continues to [shatter previous records](#). And it’s not hard to find the cause of this buyback bonanza: Trump and Congressional Republicans gave a sweetheart deal to companies that had previously stockpiled earnings overseas to avoid paying U.S. taxes. Instead of using this tax windfall to help American workers, as Trump promised, multinational corporations funneled it into stock buybacks that benefit their CEOs and shareholders.

Trump’s tax law is yet another Trump Family scam

One year after Congressional Republicans first unveiled Trump’s tax law, the facts are showing that this [\\$1.9 trillion](#) giveaway may be the most expensive broken promise in history. While tax breaks for individuals expire in 2026, Trump and Congressional Republicans chose to make the tax giveaways for corporations, their wealthy executives, and investors permanent.

A recent [ProPublica report](#) shows that this is nothing new for Donald Trump’s history in business. Every time an investment goes south, or a business fails, Donald Trump manages to walk away flush with cash, leaving his [investors](#), [workers](#), and [customers](#) holding the bag.

Within a week of Senate Republicans passing Trump’s tax law, Republican House Speaker Paul Ryan began [touting](#) cuts to Medicare as a way to “tackle the debt and the deficit” in 2018. Just last week, Republican Senate Majority Leader Mitch McConnell doubled down on that commitment. After learning that the U.S. deficit ballooned to nearly \$800 billion, due in large part to Trump’s corporate tax cuts, [McConnell argued in favor](#) of cutting Medicare and Social Security under the guise of “fiscal responsibility.”

Having pulled off his biggest scam yet, Donald Trump and his mega-donors have pocketed their colossal tax windfalls—and left seniors and hard-working Americans holding the bag.