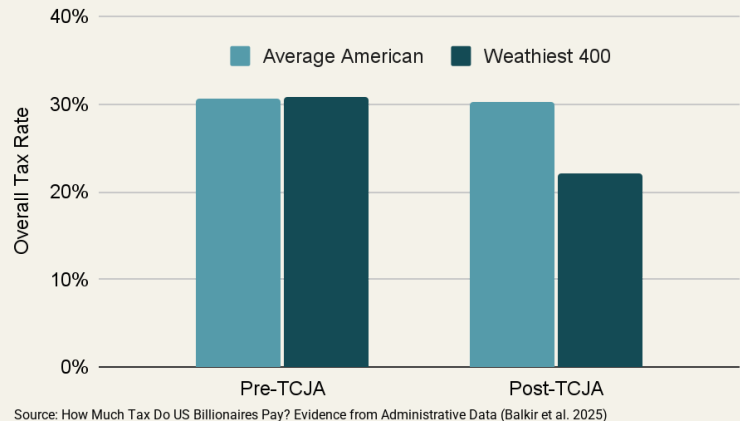


New Analysis Shows Trump's Tax Code is Rigged for the Rich

A new study, [How Much Tax Do US Billionaires Pay? Evidence from Administrative Data](#) by Akcan S. Balkir, Emmanuel Saez, Danny Yagan, and Gabriel Zucman, confirms what [most Americans already feel](#): The tax code is rigged for the ultra-wealthy. While most workers pay their fair share out of each paycheck, billionaires exploit loopholes and tax breaks to slash their tax bills.

As a result of Donald Trump's 2017 Tax Cuts and Jobs Act (TCJA), the wealthiest households pay much lower overall tax rates than working families, and their latest round of tax cuts for the wealthy only further tilts the scales. **Before the TCJA was enacted, the wealthiest 400 households and the average American both paid an overall tax rate of 31%. Afterward, the tax bills of the wealthiest dropped to 24% while everyone else's barely budged.**

The TCJA slashed tax rates on wealthy billionaires and did virtually nothing for everyday Americans



The Ultra-Wealthy Avoid Paying Their Fair Share

- **They make income from investments, not work:** While most Americans make their income through work, the richest receive most of their wealth from things like stocks, direct business ownership, real estate, and inheritances – all of which are taxed at much lower rates than labor income. The top 400 wealthiest households derive less than 16% of their total income from wages and salaries.
- **They use complex accounting tricks to avoid paying taxes on profits:** The wealthiest Americans usually structure their businesses as proprietorships, partnerships, and S-corps rather than standard C-corps to take advantage of preferential tax treatment. The wealthiest households report substantial losses to the IRS via these entities – even though financial statements show they're highly profitable.
- **They dodge estate taxes:** When a billionaire dies, their massive estates are supposed to be taxed at about 40%. But in reality, they use loopholes to undervalue their assets or transfer them tax-free. As a result, the 400 wealthiest Americans pay an average estate tax of just 6.8%.
- **They disproportionately benefit from the TCJA:** The TCJA not only reduced the top marginal tax rate for individual income, it also slashed the corporate tax rate from 35% to 21%, created a 20% deduction for businesses like partnerships, and doubled the estate tax exemption – tax breaks that almost exclusively benefit the wealthy.

The 2025 GOP Budget Law Delivers for the Wealthy While Raising the Cost of Essentials for Everyone Else

- **Doubling down on the billionaire giveaways from Trump's first term:** In addition to permanently extending the TCJA tax cuts, Republicans [loaded](#) their new budget law with new [handouts](#) for the ultra-wealthy. All told, those earning more than \$1 million [will save](#) an average of \$66,510 next year.
- **Delivering thousands in savings to the wealthiest – while increasing health, grocery, and utility bills for working families:** The top 10% of households [are projected to receive](#) an average of \$13,620, while the bottom 10% will lose \$1,210 – thanks in large part to the GOP's massive cuts to health care, food assistance, and energy savings programs. Taken together with the effects of Trump's tariffs, every income group except the top 10% [will lose out](#). For more, see [The GOP Budget Law is a Working Families Price Hike](#).