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Trump As Tax Code King And Hedge Fund Slayer

“I know it better. I’m the king of the tax code,” brags Mr. Trump. “And I’m going to come out with a plan, a simplification, a plan getting rid of some of the deductions, which are ridiculous and complicated.” Who can disagree with him that our tax system is ridiculous? Which tax specialist could stand up to Mr. Trump’s moxie and braggadocio?

Mr. Trump says his proposal will be hated by people at hedge funds but loved by “pretty much everybody else.” Trump has blasted hedge fund managers for not paying their fair share. “The hedge fund guys didn’t build this country. These are guys that shift paper around and they get lucky....They make a fortune. They pay no tax. It’s ridiculous, OK?” Trump refers to the carried interest loophole that allows private equity and hedge fund managers pay taxes at capital gain rates instead of ordinary income.



Republican presidential candidate businessman Donald Trump speaks during a campaign town hall Wednesday, Aug. 19, 2015, at Pinkerton Academy in Derry, N.H. (AP Photo/Mary Schwalm)

On this point, even if perhaps on few others, Hillary Clinton and Senator Bernie Sanders agree with Trump. As Trump says, "It is the wrong thing. These guys are getting away with murder." On MSNBC's "Morning Joe," Trump lambasted the effective tax rates of the hedge fund boys: "When you pay 14 percent, Joe, I don't know who you're talking about – I don't know any of them that pay 14 percent," Trump added, as [reported in The Washington Times](#).

6 So we are going to simply the tax code, take away some of the deductions, and hedge fund guys have to pay up. Now, I'm going to lower taxes, but these hedge fund guys are making a lot of money. I mean, I [can] tell you I have friends that laugh about how little they pay, and it's not fair to the middle class, and the middle income people and the middle class. We're destroying that and, you know, that's what built this country, and we are destroying the middle class in this country."

Trump said, "when they talk about fixing the tax, it's so complicated, that people have to go and use H&R Block to do a \$50,000 — a man who makes \$50,000 has to spend money." Trump is right that complying with the tax code costs immensely and that even simple tax returns may not be simple. Individuals spend 6.1 billion hours a year doing their tax filings, the equivalent of a year's work for 3 million full-time workers. In 1913, our whole tax law was 27 pages. It is now over 4 million words, on 9,000 bloated pages. From 2001-2012 alone, there were 4,600 changes, more than one a day.

Mr. Trump says, "I want to lower the rates for the middle class." We do not yet know what that will mean. But in 2011, Mr. Trump suggested a 5-part tax plan to restore simplicity and sanity to the income tax. At that time, he said:

- Up to \$30,000, you should pay 1%;
- From \$30,000 to \$100,000, you should pay 5%;
- From \$100,000 to \$1 million, you should pay 10%; and
- On \$1 million or above, you should pay 15%.

It seems unlikely that he will make the same proposal now. Yet Mr. Trump knows how to grab headlines, [such as highlighting the \\$4 Billion in IRS refunds to illegals](#). As his tax rhetoric heats up, Mr. Trump is creating more anticipation about how he would reform the tax code. So far, [Trump says he'll](#)

[release details on his tax plans](#) in September. In a recent telephone interview on CBS's "Face the Nation," Trump echoed some Democrats.

In fact, he lamented that our current tax system is harming middle class Americans who face higher tax rates than traders on Wall Street. Even before Mr. Trump reveals his comprehensive tax makeover, he is probably appealing to many Americans who think they might even get more of a square deal from someone who is clearly not a politician.

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