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TAXES 09/09/24

Kamala Harris' 28% Capital Gains Tax Plan Is A Surprise. Here's Why



Vice President Kamala Harris has proposed a 28% tax on long-term [capital gains](#) for Americans who earn \$1 million or more. Are higher taxes a surprise from a progressive Democrat? In some ways, yes, but not for the reason you

might think. Is the surprise that you'll have to pay this tax even if your gain is unrealized — that is, even if you don't sell the asset in question? Fortunately, no, although *another* Harris proposal is [to tax certain unrealized capital gains](#).

It is true that the hike to 28% would be a significant hike from the present 20% rate for higher earners. The surprise is that it is a much *lower* increase than the one proposed by President Joe Biden in his 2025 federal budget plan — so much so that in a recent interview with NBC's "Meet The Press," Senator Bernie Sanders [quickly expressed disapproval with Harris' 28% rate proposal](#), urging her to go higher. Apart from her recent proposals, Harris has long been a progressive, although Sanders is likely happy with *most* of the Democratic presidential nominee's tax plans.

Biden suggested taxing long-term capital gains for wealthy Americans at 39.6%, the same level he proposed for ordinary income. The current top rate is 37%, but both President Biden and Vice President Harris want it back up to 39.6%. Harris has proposed many *other* [tax changes](#), largely tracking those proposed by Biden. Throughout her short campaign, Harris has mostly followed Biden's lead on matters of tax.

For instance, she repeated his promise to avoid increasing tax for Americans making less than \$400,000, expressed support for his vision of an expanded [child tax credit](#), and embraced his so-called Billionaire Minimum Income Tax, a 25% minimum income tax on households worth more than \$100 million. A similar pattern can be found in her proposal to raise the corporate tax rate from 21% to 28%.

The corporate tax rate was 35% until it was slashed to 21% by former President Donald Trump in 2017. In her 2020 presidential campaign, Harris promised to reverse this cut *entirely*, bringing the rate back up to 35%. Her

28% plan backtracks on this promise. This tracks with some of her other recent proposals, which may seem a bit more pro-business than one might expect from a progressive Democrat.

In one proposal, Harris advocated for an expanded tax deduction for new small businesses, providing a deduction of up to \$50,000 in eligible startup expenses. This is a marked increase from the \$5,000 deduction available today. She has also promised to cut some of the bureaucratic red tape burdening small businesses, making it easier for them to operate and further incentivizing growth.

As Harris proclaimed in a recent speech: “I believe America’s small businesses are an essential foundation to our entire economy.” Some of her more populist tax ideas have deviated from Biden’s agenda, and she even adopted former President Trump’s proposal to end the federal income tax on tips. So, is the vice president giving up her far-left views?

[Sanders told “Meet the Press” that he still considers her a progressive](#) despite a few more moderate positions she is adopting as she seeks to win the 2024 presidential election. Harris’ commitment to ease the tax burden on lower-income Americans and to add more taxes for wealthier Americans is clearly still there. In fact, among [Harris’ big plans for tax changes](#), most are predictably tax increases, some of which are major.

Harris is proposing stock buybacks, currently taxed at 1%, to be quadrupled to a 4% excise tax. And she has piggybacked on Biden’s controversial [plan to tax unrealized capital gains](#), an arguably [scary](#) concept that some say operates as a kind of wealth tax.

On the other side of the income spectrum, she has offered tax credits to eligible renters below a certain income level. She also has proposed refundable tax credits to individuals making below \$50,000 through her LIFT the Middle Class Act, as well as an expansion of the Earned Income Tax Credit, which also benefits lower-income workers.

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