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Kamala Harris \$400k Tax Vow Is Not Tied To Inflation & New Taxes Loom



During the 2020 presidential campaign, then candidate Joe Biden promised not to raise taxes on anyone earning [less than \\$400,000](#). He proclaimed he will [not raise a single penny of tax](#) on any American earning less than this

figure. In his 2024 reelection campaign, President Biden doubled down with the same figure, and in her 2024 campaign, Vice President Kamala Harris has said the same. In Vice President Harris' tax plans, the \$400k promise is limiting, as it seems to foreclose some of the more aggressive tax proposals that she made in her short-lived 2020 presidential campaign.

For example, in 2019 as a candidate for president in 2020, then-Senator Harris proposed a 4% levy, termed an "income-based premium," targeting households with annual earnings exceeding \$100,000 to fund a [Medicare for All program](#). This idea seems unlikely to rematerialize now, given the vice president's recent commitment to avoiding tax hikes for those earning \$400,000 or less annually.

The continued appearance of the \$400,000 figure is noteworthy. It is an easy to understand benchmark, but it also demonstrates the impact of inflation even in a short period of time. In August of 2020 when Joe Biden first made this pledge, \$400,000 would be worth \$484,000 in today's dollars. To look at it the other way around, \$400,000 in July of 2024 would have been worth only \$331,000 in August of 2020. You can do the numbers with this handy U.S/ Bureau of Labor Statistics consumer price index [inflation calculator](#). There's nothing wrong with the \$400,000 promise of course, but with inflation, the more time that passes, the less the pledge seems to, well, promise.

Many tax figures are adjusted for inflation, but not this one so far. As Vice President Harris discusses more specifics in her campaign about taxes, maybe a cost-of-living adjustment to the figure is appropriate. In April of 2024, after President Biden renewed his 2020 pledge, more than a few commentators noted that [due to Biden's inflation, his \\$400000 tax pledge was then worth](#)

[\\$335,000](#). At that time the threshold needed to be \$477,604 to be consistent, according to the federal government's [BLS inflation calculator](#).

Vice President Harris may not face the same inflation point that President Biden did, but some critics claim that she still had a role in inflation as Vice President. Her frequent touting of the benefits of Bidenomics may underscore it. In any case, however you view the \$400,000 pledge, there are plenty of other tax changes to be discussed if Harris wins the white house and has a cooperative House and Senate upper income taxpayers can expect tax increases. They include the following proposed changes.

Tax Rates Up To 39.6%

Vice President Harris wants to increase the highest marginal income tax rate for the top 1% of earners from the current 37% to 39.6%. The extent of any wider tax rate increases remains uncertain. In 2019, Harris proposed a 4% levy, termed an "income-based premium," targeting households with annual earnings exceeding \$100,000 to fund a [Medicare for All program](#). However, this idea seems unlikely to materialize now, given the vice president's recent commitment to avoiding tax hikes for those earning \$400,000 or less annually. Nevertheless, there's potential for an alternative proposal to emerge.

Higher Estate Tax

During her 2020 presidential bid, Harris also proposed increasing estate tax revenue to support education initiatives. Currently, individuals can exempt up to \$13.61 million from federal estate and gift taxes, with married couples able to shield \$27.22 million. This individual exemption is scheduled to decrease from \$13.61 million to \$5.6 million after Dec. 31, 2025. This looming change is expected to spark debate in Congress prior to the onset of 2026.

Tax On Unrealized Capital Gain

One of Harris' more controversial proposals is a [tax on unrealized capital gains](#) for taxpayers with wealth greater than \$100 million. President Biden had floated the same idea. Proponents of the tax argue that it fairly targets extremely wealthy Americans who take advantage of the tax rules to obtain a lower effective tax rate than many lower-income taxpayers. Opponents say it will stifle economic growth and create a dangerous precedent, one that could mean the possibility of more taxes on unrealized gains for more modest taxpayers later once the door to such an unusual tax is open. It also creates big compliance issues and foment valuation disputes. You can read more details about [Harris' plan to tax unrealized capital gain](#).

Higher Corporate Tax Rate

The [corporate tax rate](#) was reduced from 35% to 21% in 2018 during President Trump's tenure. While President Biden quickly pledged to increase it, it has so far not happened. The most recent administration budget proposed a 28% rate, and the Harris campaign has affirmed its support for this 28% rate, aligning with Biden's vision. Trump has vowed to make the 21% rate permanent if re-elected. Analysts at the Committee for a Responsible Federal Budget estimate that Harris' proposed increase could decrease the U.S. deficit by more than \$1 trillion over 10 years.

Tax On Stock Trades

In 2019, while promoting her Medicare for All plan, then-Senator Kamala Harris proposed a financial transaction tax of 0.2% on stock trades, 0.1% on bond trades, and 0.002% on derivative transactions.

Carbon Tax

A supporter of the Green New Deal, Harris has touted a variety of progressive reforms to address the climate crisis. One such idea has been a [carbon tax](#), which she proposed during her 2020 campaign. If enacted, this would essentially impose an extra tax on firms proportional to the amount of greenhouse gas they emit.

Pharmaceutical Tax

In Harris' 2020 presidential campaign, she suggested a 100% levy on pharmaceutical companies' profits from selling drugs at prices exceeding their average cost in similar high-income nations. She also supported legislation to remove tax deductions to pharmaceutical companies for consumer-directed advertising.

LIFT the Middle Class

During her 2020 campaign, Harris introduced the [LIFT \(Livable Incomes for Families Today\) the Middle Class Act](#). This proposal suggested a refundable tax credit of \$3,000 for individual filers or \$6,000 for joint filers. The credit would be available to individuals with annual earnings below \$50,000, or couples earning less than \$100,000.

To pay for it, Harris proposed implementing a new charge on major financial institutions (those with consolidated assets exceeding \$50 billion) and partially rolling back the tax cuts enacted in the Tax Cuts and Jobs Act, which some have labeled the Trump tax law. The LIFT idea has an estimated cost of around \$3 trillion over 10 years, so it could be tough sell in Congress.

Child Tax Credit

Harris declared her intent to restore the \$3,600 [child tax credit](#) introduced at the height of the Covid-19 pandemic. She also wants a new \$6,000 tax credit for infants younger than a year old. Both credits would be offered to middle- and lower-income families.

No Tax On Tips

Harris has publicly backed former President Trump's proposal to [eliminate tax on tips](#) for service and hospitality workers. It sure sounds appealing to workers who depend heavily on tips. But it is unclear how employers might react to such a policy shift—perhaps by reducing wages to balance out the tax gains.

For additional tax proposals and details from [Kamala Harris regarding your taxes, read more here](#)

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