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THE TAX LAWYER

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Kamala Harris Has Big Plans For Your Taxes. Here Is What You Could Pay



As the Democratic Party's 2024 presidential nominee, Kamala Harris has taken many tax plans from President Joe Biden's latest budget proposals, and added some of her own plans to the mix. But so far without a comprehensive

plan, some have also reexamined her 2020 presidential platform for clues about what she would do if elected. However, on August 16, [Harris delivered a speech](#) in North Carolina that addressed her vision for the American economy—including tax. Since then, she has continued to unveil her tax policy through a variety of statements. Many follow naturally from President Biden’s agenda, but there are other hints that she has dropped over time.

Tax Credits For Housing Developers

In her August 16 speech, Harris emphasized the urgency of tackling the country’s housing crisis. As one solution, she proposed a new tax credit for housing developers that would incentivize the construction of “starter homes,” encouraging first-time homeownership. She also proposed expanding an existing tax credit for developers who build affordable rental housing to slow the rising cost of tenancy.

Tax Credits For Renters

During her 2020 presidential campaign, then-Senator Harris put forward the [Rent Relief Act](#). This legislation would be aimed to provide a tax credit for individuals earning under \$100,000 annually who allocate more than 30% of their income to rent and utilities. Should Harris become president, she might continue to champion policies that reduce the tax load for renters facing financial difficulties.

Tax On Unrealized Capital Gain

One of Biden’s proposals was a [tax on unrealized capital gains](#) for taxpayers with wealth greater than \$100 million. This proposal, which proved highly controversial among certain experts, was recently confirmed as part of Harris’

tax agenda, and it has drawn criticism from politicians in her rival party. Proponents of the tax argue it targets extremely wealthy Americans who have previously taken advantage of the lack of such a tax to obtain a lower effective rate than many lower-income taxpayers. taxpayers.

Opponents say it will stifle economic growth, and creates a slippery slope that could mean more taxes on unrealized gains. It also creates enormous compliance issues and may foment valuation disputes. In some ways, the [Harris plan to tax unrealized capital gain is scary](#).

Higher Rates Up To 39.6%

Like President Biden, 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 — then a U.S. senator — proposed increasing estate tax revenue to support education initiatives. While the specifics were not fully outlined, this likely implied reducing the current generous estate and gift tax exemptions. As of 2024, individuals can exempt up to \$13.61 million from federal estate and gift taxes, with married couples able to shield \$27.22 million. However, even without congressional

intervention, this individual exemption is scheduled to decrease from \$13.61 million to \$5.6 million after Dec. 31, 2025. This impending change is expected to spark debate in Congress prior to the onset of 2026.

LIFT The Middle Class

Refundable tax credits can be seen as a form of monetary distribution and are attractive to low- and middle-income taxpayers who would reap the benefits. During her 2020 campaign period, she 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 accessible to individuals with annual earnings below \$50,000, or couples earning less than \$100,000.

To fund this initiative, Harris proposed implementing a new charge on major financial institutions (those with consolidated assets exceeding \$50 billion) and partially rolling back the Tax Cuts and Jobs Act—a tax reform from the Trump administration that had lowered tax rates across a wide spectrum of individuals and businesses. With an estimated cost of around \$3 trillion over 10 years, it could be an especially 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, with the hope being that they could help raise potentially millions of children out of poverty. The proposal comes with a hefty price tag, however: \$1.6 trillion over 10 years, according to the nonpartisan Tax Foundation. Additionally, Republican opposition in the

Senate is likely to make the passage of such legislation extra challenging, as we have seen in previous attempts to restore or expand the credit.

Earned Income Tax Credit

Lower-income workers who don't claim children on their tax returns could benefit from Harris' proposal to expand the [Earned Income Tax Credit](#). It would provide a tax break of up to \$1,500 below a certain income level. Individual taxpayers and childless couples alike stand to benefit.

\$400,000 Promise

Harris has reiterated [President Biden's standing pledge](#) not to raise taxes on any households making \$400,000 per year or less. To fund this promise, she has supported raising taxes on higher earners.

No Tax On Tips

In an unusual moment of bipartisan agreement, 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.

Corporate Tax And Offshore Income

The [corporate tax rate](#) was reduced from 35% to 21% in 2018 during President Trump's tenure. While President Biden pledged to increase it, the most recent administration budget proposed a 28% rate, though no change has been implemented yet. The Harris campaign has now affirmed its support for this

28% rate, aligning with Biden's vision. This falls short of the pre-Trump 35% rate (which Trump has vowed to make permanent if re-elected), but 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.

Harris has also suggested eliminating foreign tax havens by applying the same tax rate to offshore corporate income as domestic income. Although these proposals would likely face significant opposition in Congress, they signal a confrontational stance towards corporations and individuals seeking tax reductions through alternative organizational structures.

Taxing Stock Trades

In 2019, while promoting her Medicare for All plan, then-Senator Kamala Harris proposed a novel financial transaction tax. This would impose levies of 0.2% on stock trades, 0.1% on bond trades, and 0.002% on derivative transactions. Harris presented this as an alternative to Senator Bernie Sanders' proposal of a 4% income-based premium on households earning over \$29,000, which she contended would excessively burden the middle class. Harris estimated that this financial transaction tax, combined with her proposal to tax offshore corporate income, could generate over \$2 trillion in a decade. She argued this would be sufficient to fund Medicare for All without necessitating tax increases on middle-class households.

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. This would essentially impose an extra tax on firms proportional to the amount of greenhouse gas they emit.

Pharmaceutical Tax Crackdown

Harris' 2020 presidential campaign platform advocated for tighter price regulations on select prescription medications. From a tax perspective, she suggested imposing a 100% levy on pharmaceutical companies' profits derived from selling drugs at prices exceeding their average cost in similar high-income nations. This proposal aimed to discourage excessive pricing and potentially create a revenue stream for government initiatives in healthcare, addiction treatment, and related areas. However, it could significantly impact the financial performance of drug manufacturers.

Harris also supported legislation to remove tax deductions previously available to pharmaceutical companies for consumer-directed advertising. Many of Harris' Democratic colleagues view this deduction as an unwarranted benefit for drug companies that shouldn't be financed by the same taxpayers who struggle to afford their products.

As Election Day approaches, Harris' tax agenda may continue to take shape, and there could be other progressive proposals.

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