



Obama's tax record

By Jeanne Sahadi [@CNNMoney](#) January 30, 2012: 11:39 AM ET

NEW YORK (CNNMoney) -- Republicans portray President Obama as the tax-hiker-in-chief.

Obama portrays himself as a tax cutter [for the masses](#) but not the rich.

The truth isn't so cut and dry.

The fact is, the president's record on taxes is a mixed bag. In three-plus years in office, Obama has raised some taxes even as he has cut others.

The end result: Both sides get their election-year talking points, and families and businesses get a maze of temporary or soon-to-expire tax laws mixed in with some new ones on tap.

Low- and middle-income households: The president wants to make the Bush tax cuts permanent for anyone making less than \$200,000 (\$250,000 for couples). In the meantime, as part of a deal with Congress in December 2010, he supported a [two-year extension](#) of them through the end of this year.

[Obama focuses State of the Union on income inequality](#)

Mostly in the [context of stimulus](#), he created several new -- if temporary -- tax breaks. He has tried to make a few permanent, such as the Making Work Pay credit for families earning under \$150,000. And he has backed the expansion of existing breaks, such as the earned income tax credit and the child tax credit.

He lost the fight to permanently extend the [Making Work Pay credit](#). But he gave his blessing to a temporary [payroll tax cut](#) that he is now seeking to extend through 2012.

Obama, however, also signed into law measures that would raise the tax burden for some in the middle class.

Specifically, he made it more expensive to smoke and look mahvelous by approving a federal tobacco tax hike and a new 10% tanning tax.

He also reduced how much one can put into a tax-advantaged flexible spending plan at work and raised the bar on how much one needs to accrue in medical bills before being allowed to deduct any medical expenses.

High-income households: The president makes no bones about wanting to raise taxes on the rich. At the same time, some of his tax proposals would also benefit them.

Take the Bush tax cuts, for example. Obama wants to let the top two income tax rates revert to 39.6% and 36%, up from 35% and 33% today. He also wants to increase the wealthy's capital gains and dividend rates to 20%, up from 15% now. And he would limit the value of their [itemized deductions to 28%](#) of the deductible item, below the 33% and 35% top rates they can use now.

Obama's 30% millionaire tax

But the wealthy would still benefit if the Bush tax cuts are preserved for everyone else, since some of their income is also taxed at the lower rates of 10%, 15%, 25% and 28%.

In addition, the 2010 tax deal that kept the Bush tax rates where they are for the middle class, did the same for the highest-income families. The deal also introduced the temporary payroll tax cut for everyone -- which Obama agreed to when he couldn't convince the GOP to extend the Making Work Pay Credit. That tax cut put more than \$2,000 in the pockets of those making six figures or more in salary.

Lastly, relative to current law, which would impose higher rates on dividends and impose a more stringent estate tax, the rich would do somewhat better under Obama's proposals.

Obama favors an estate tax with a top rate of 45% and a \$3.5 million exemption. That would hit estates harder than the rules in place today, but less hard than what those rules are scheduled to revert to if Congress does nothing.

In other ways, though, the president is aiming to impose new tax burdens on the rich to help pay for new programs like [health care reform](#) and [reduce deficits](#).

Starting in 2013, wealthy taxpayers will have to pay [more in Medicare tax](#), because a new surtax of 0.9% will be imposed on top of the 1.45% they already pay on their wages. And they will have to [pay 3.8%](#) on at least some of their investment income for the first time.

Lastly, though it's unlikely to pass as proposed, Obama wants to impose a so-called Buffett Rule to ensure that millionaires pay [at least 30%](#) of their income in federal taxes.

In addition, last week he said that he'll propose eliminating deductions for millionaires that apply to their home, health care, retirement and child care.

Businesses: Here again, the president has a mixed record on the tax front. He has proposed -- and in some cases signed into law -- a bevy of discrete tax cuts aimed at small businesses and specific industries, such as manufacturing. He's also backed the extension of several temporary business deductions and credits.

At the same time, he has proposed or approved a list of tax increases aimed at health insurance companies, medical device manufacturers, oil and gas companies, and businesses that send jobs overseas, among others.

And last week he again proposed a fee on large banks, this time to pay for an expanded [mortgage refinancing program](#).

The bottom line: Three things can be said with certainty about Obama's tax record. Democrats will tout his tax cuts. Republicans will lambast his tax hikes. And serious tax policy experts will continue to beat their head against the wall because the president has done nothing to simplify the code.

TaxVox blog editor Howard Gleckman coined the president's most recent tax proposals his "Tax Deform Agenda."

Indeed, said Chris Edwards, director of tax policy studies at the libertarian Cato Institute, "President Obama has a lousy record in terms of the making the tax code more complex."

Then again, so do both parties in Congress. ■