



THE TAX CUTS AND JOBS ACT MYTH VS. FACT

In late December 2017, Congress passed and the president signed into law the Tax Cuts and Jobs Act, a historic tax reform bill that will provide much-needed tax relief to everyday Americans, increase the competitiveness of American companies, and lead to better jobs and higher wages for American workers.

In fact, hundreds of companies across the country have already responded by increasing pay, expanding worker benefits, handing out bonuses, planning for new investments, and expanding jobs.

Having failed to stop the tax bill's enactment and in the wake of its growing popularity, opponents of tax reform have resorted to misleading the public about the law's impact in an attempt to [undermine](#) it and [roll back its benefits](#).

That is why Congress should act to protect the benefits of the Tax Cuts and Jobs Act and build on its pro-growth reforms by further eliminating special-interest tax breaks, opposing new taxes, making permanent all tax cuts that are due to expire in 2025 and removing unnecessary barriers to opportunity.

Americans for Prosperity is equipping our grassroots volunteers with the information they need to dispel the myths being told by those seeking to undo the progress made by tax reform and set the record straight on the true benefits of the law.

MYTH: TAX REFORM RAISES TAXES ON THE MIDDLE CLASS.

FACT: THE VAST MAJORITY OF AMERICANS WILL SEE LOWER TAXES.

Opponents claim that tax reform will raise taxes for most working-class families. The law does the exact opposite – providing tax relief for individuals in every income bracket and nearly doubling the standard deduction so the first \$24,000 of income earned by a married couple and \$12,000 earned by a single individual will now be exempt from federal income tax.

The U.S. Treasury Department estimates that [90 percent of wage earners](#) will see more take-home pay, with many [already seeing](#) bigger paychecks.

According to the [House Ways and Means Committee](#), a typical family of four earning the median income of \$73,000 will see a tax cut of \$2,059.

The nonpartisan Joint Committee on Taxation estimates that [every income group](#) will receive a tax cut. Even the liberal Tax Policy Center estimates that [four out of five Americans](#) will receive a tax cut under the law.





MYTH: 83 PERCENT OF THE TAX CUTS GO TO THE WEALTHIEST ONE PERCENT

FACT: THE BULK OF THE BENEFITS OF TAX REFORM GO TO EVERYDAY AMERICANS

Tax reform opponents [misleadingly](#) claim that tax reform disproportionately benefits the wealthiest top one percent, relying on a Tax Policy Center (TPC) analysis that assumes the tax cuts for individuals will expire in 2025. First, this claim focuses on what could happen a decade from now –after the individual tax cuts are scheduled to expire. It completely ignores the substantial tax breaks Americans will have received up to that time. In fact, Americans outside of the wealthiest one percent pay [roughly 60 percent](#) of the country's income taxes, but that [same TPC analysis](#) shows that they will receive nearly 80 percent of the benefits in 2018.

Second, the Senate's arcane budget rules forced it to make the tax cuts temporary; all those complaining about the impermanence of the tax cuts know this. Their entire argument rests on the dubious assumption that a future Congress will not continue to extend these cuts or make them permanent.

Making this argument is like saying that these tax cuts are bad because they might go away. If tax reform opponents don't support making the tax cuts permanent, they should just admit it and stop pretending otherwise.

MYTH: TAX REFORM IS A BAILOUT FOR CORPORATIONS, INCLUDING THOSE THAT SHIP JOBS OVERSEAS

FACT: A LOWER CORPORATE TAX RATE MAKES AMERICAN COMPANIES MORE COMPETITIVE AND LEADS TO BETTER JOBS AND HIGHER WAGES FOR AMERICAN WORKERS

Opponents of tax reform call the law a corporate giveaway rewarding companies that ship jobs overseas. In reality, American workers will benefit from a lower corporate rate that makes American businesses more competitive, which is why Senate Minority Leader Chuck Schumer, House Minority Leader Nancy Pelosi, and Senators Claire McCaskill, Joe Donnelly, Heidi Heitkamp, and Sherrod Brown [all previously supported cutting the corporate tax rate](#). But now that they need a justification for their vote against tax reform, they have changed their position. But it's a losing argument. Here's why:

Because of tax reform, small businesses are more [optimistic](#) and more enthusiastic than ever about growing and expanding their businesses. Companies around the country are [responding](#) to the lower corporate tax rate by increasing pay, expanding benefits, handing out bonuses, planning for new investments, and expanding jobs. Companies are even beginning to [bring jobs back to the U.S.](#)

Tax reform means not only lower tax bills, but also more investment, increased productivity, and higher wages for millions of Americans, which is why the Council of Economic Advisors [estimates](#) that the lower corporate tax rate will grow the economy and lead to a \$4,000 annual wage increase for workers





MYTH: LAYOFFS AND STORE CLOSURES SHOW JUST HOW BAD TAX REFORM IS FOR AMERICA

FACT: COMPANIES ANNOUNCING LAYOFFS HAVE BEEN DISTRESSED FOR YEARS

Tax reform opponents have been [highlighting stories of layoffs and store closures](#) to argue the tax law isn't working. However, the tax reform law has been in effect just since January 1, 2018, while the layoffs have been years in the making. Toys R Us, for example, [filed for bankruptcy](#) in September and [hasn't reported an annual profit in five years](#). Sales at Sears have [declined for six straight years](#). Profits at Macy's have [dropped by nearly half](#) in the past three years. And Sam's Club has [struggled to keep pace with rival Costco](#).

The tax reform law is designed to make American companies more competitive, but no change in the tax code can compensate for years of decline at individual businesses.

MYTH: TAX REFORM WILL EXPLODE THE NATIONAL DEBT

FACT: HISTORY SHOWS THAT CUTTING TAXES CREATES GREATER ECONOMIC GROWTH AND HIGHER FEDERAL REVENUES.

In staking out their opposition to all aspects of the tax reform law, opponents of tax reform have demonstrated a [newfound concern for federal deficits and the national debt](#) and argue that tax reform will increase both.

History shows, however, that economic growth following tax reform actually results in more tax revenue for the federal government. Following bold tax relief measures enacted by Presidents Kennedy, Reagan, and Bush, the nation added millions of jobs, Americans took home more money, and the economy grew – ultimately [resulting in hundreds of billions in higher tax revenues](#).

Though tax reform opponents express grave concern over deficits and the debt when it comes to tax reform, they also backed a “bipartisan budget deal” that [raised spending by \\$300 billion](#) over the next two years, contained billions in special-interest tax breaks, and could result in a [\\$1.5 trillion increase in spending](#) over the next decade.

For too many in Washington, when it comes to cutting taxes on hard-working Americans, the debt's a huge problem; but when it comes to spending more to grow government, the debt doesn't matter.