

Tax Fairness for Working Families

For years, the federal tax code has incentivised companies to move money and jobs overseas in order to cut company costs and increase executive profits. Instead of fixing this problem to better the livelihood of America's working families, the **2017 Tax Cuts and Jobs Act**, signed into law by President Trump, has worsened it.

Despite its name, the Trump tax reform plan has not created jobs--it has simply benefited the super-wealthy. Instead of closing tax loopholes for the 1%, this law not only kept many major tax loopholes in place but also added new ones.

According to the Institute on Taxation and Economic Policy, in the law's first year of enactment, the most profitable corporations paid an effective tax rate of 11.3 percent, the lowest rate in decades. Additionally, 91 Fortune 500 companies, including Amazon, Chevron, Halliburton and IBM, paid no federal income taxes on their 2018 U.S. income. Moreover, the bill establishes a 50% off discount for foreign profits and creates a new exemption for "tangible investments" outside of the country--in other words, a company that builds a building or purchases equipment for a call center or factory overseas gets a special tax break for doing so.

The Center for American Progress found that the federal government has seen the largest year-over-year drop in corporate tax revenue, outside of a recession, since this passage of this bill. In its first year, the federal budget deficit rose by \$113 billion while corporate tax receipts fell by about \$90 billion. That means that these massive tax breaks on the wealthy are responsible for nearly 80 percent of the increase in the federal budget deficit. President Trump proposed closing this gap by cutting key social safety-net programs that working families rely on like Medicare.

A Fair Tax Code

Our tax code should be designed to benefit working people, ensure that the wealthy and multinational corporations pay their fair share, and help create good jobs in the United States. Congress can help achieve that by passing legislation to fix some of the worst aspects of the GOP tax law:

- H.R.1711/S. 780, the *No Tax Breaks for Outsourcing Act*, would eliminate the law's incentives that provide benefits to companies that send jobs overseas.
- H.R.1735/S.781, the *Carried Interest Fairness Act*, would get rid of provisions that allow billionaire private equity and hedge fund managers to pay a lower tax rate than teachers, firefighters, or customer service call center representatives.
- Two different bills would establish a Wall Street sales tax, so that hedge fund managers and big bank executives have to pay a tiny sales tax on their trades, just as we do on our purchases (H.R.2923 / H.R.1516)