

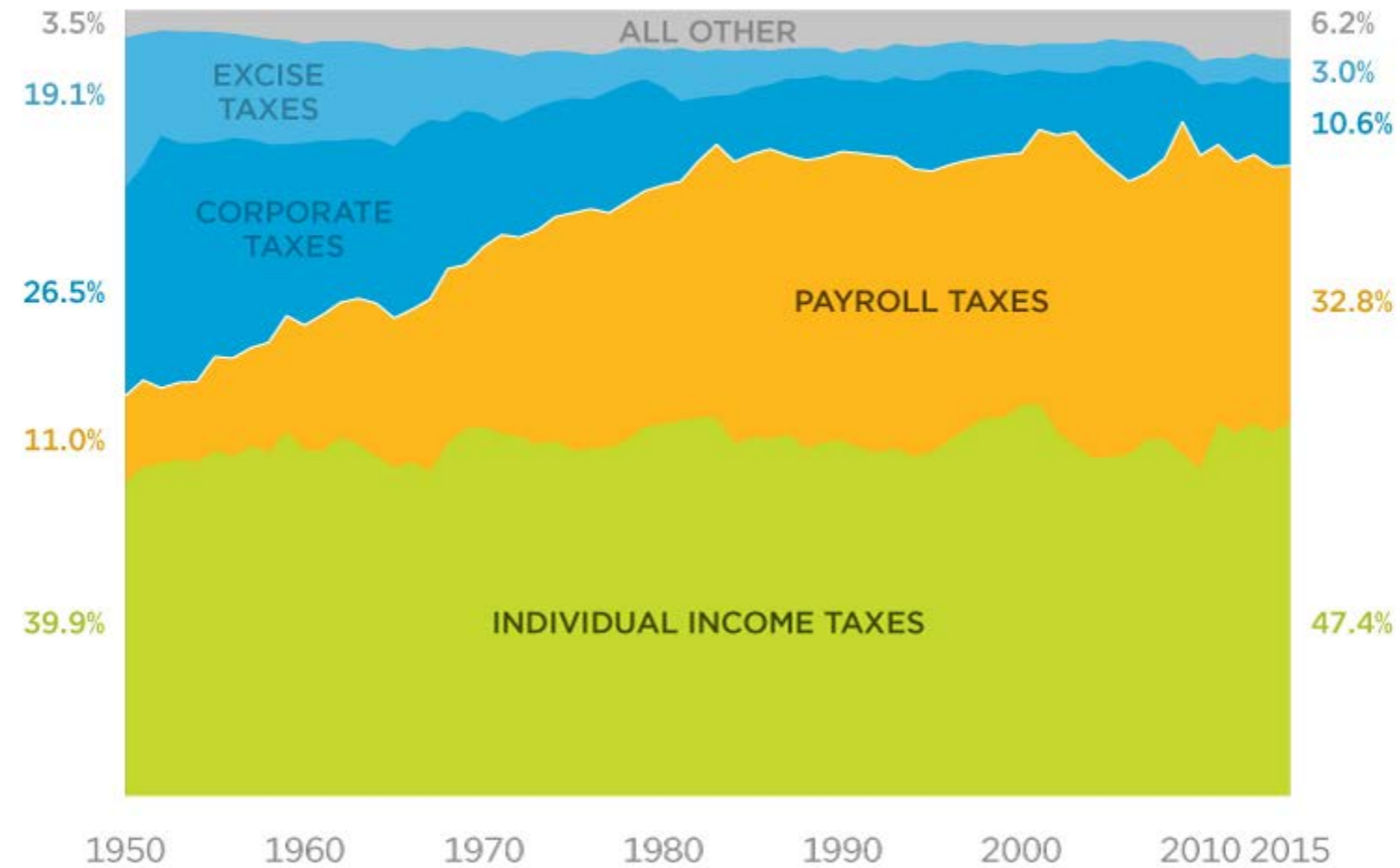
# Tax Reform 2017

*Romina Boccia*



# FUNDING THE FEDERAL GOVERNMENT

REVENUE SOURCES BY SHARE OF TOTAL REVENUE

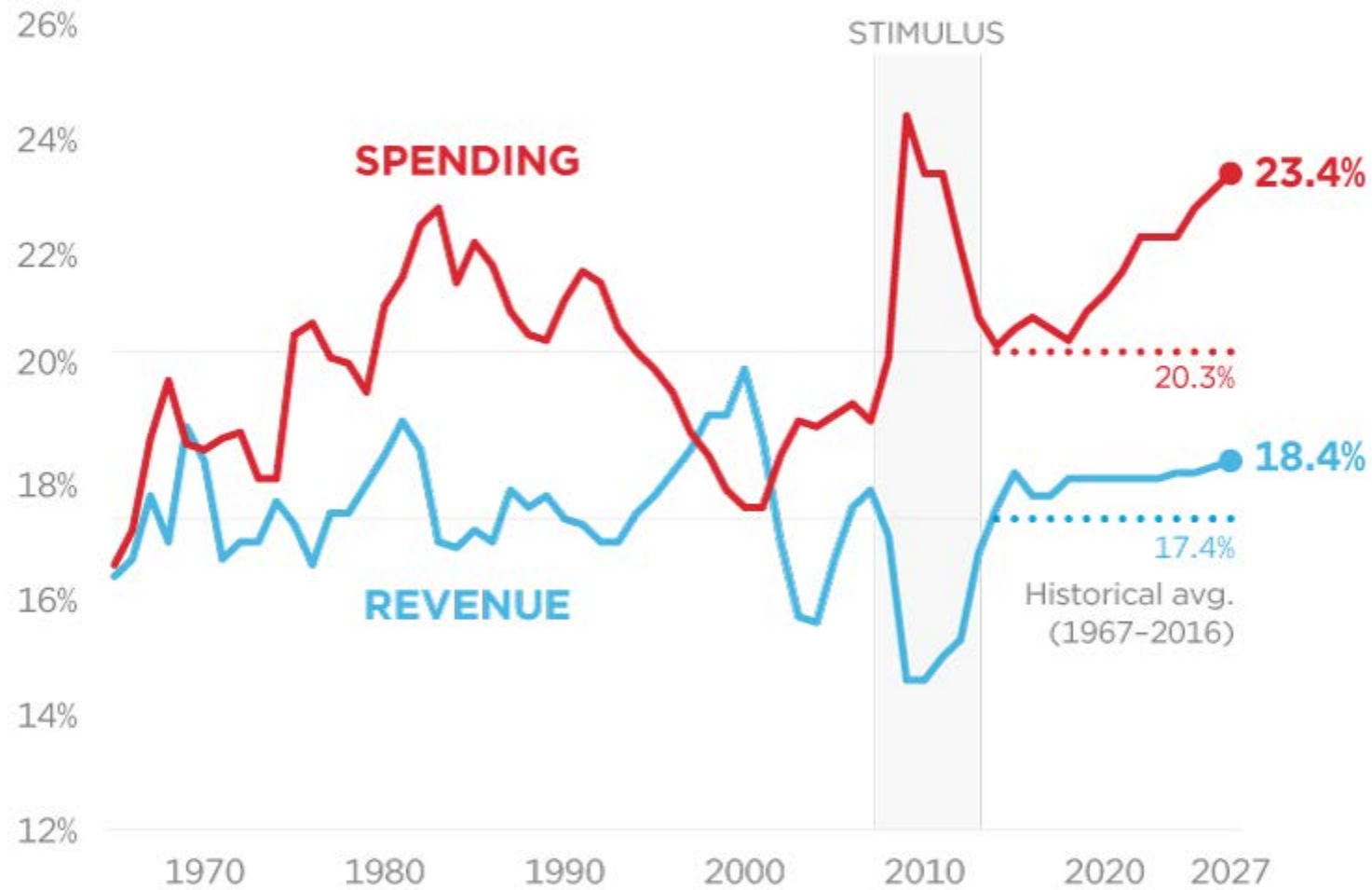


Source: OMB.

heritage.org

# GROWING SPENDING IS THE PROBLEM

PERCENTAGE OF GDP

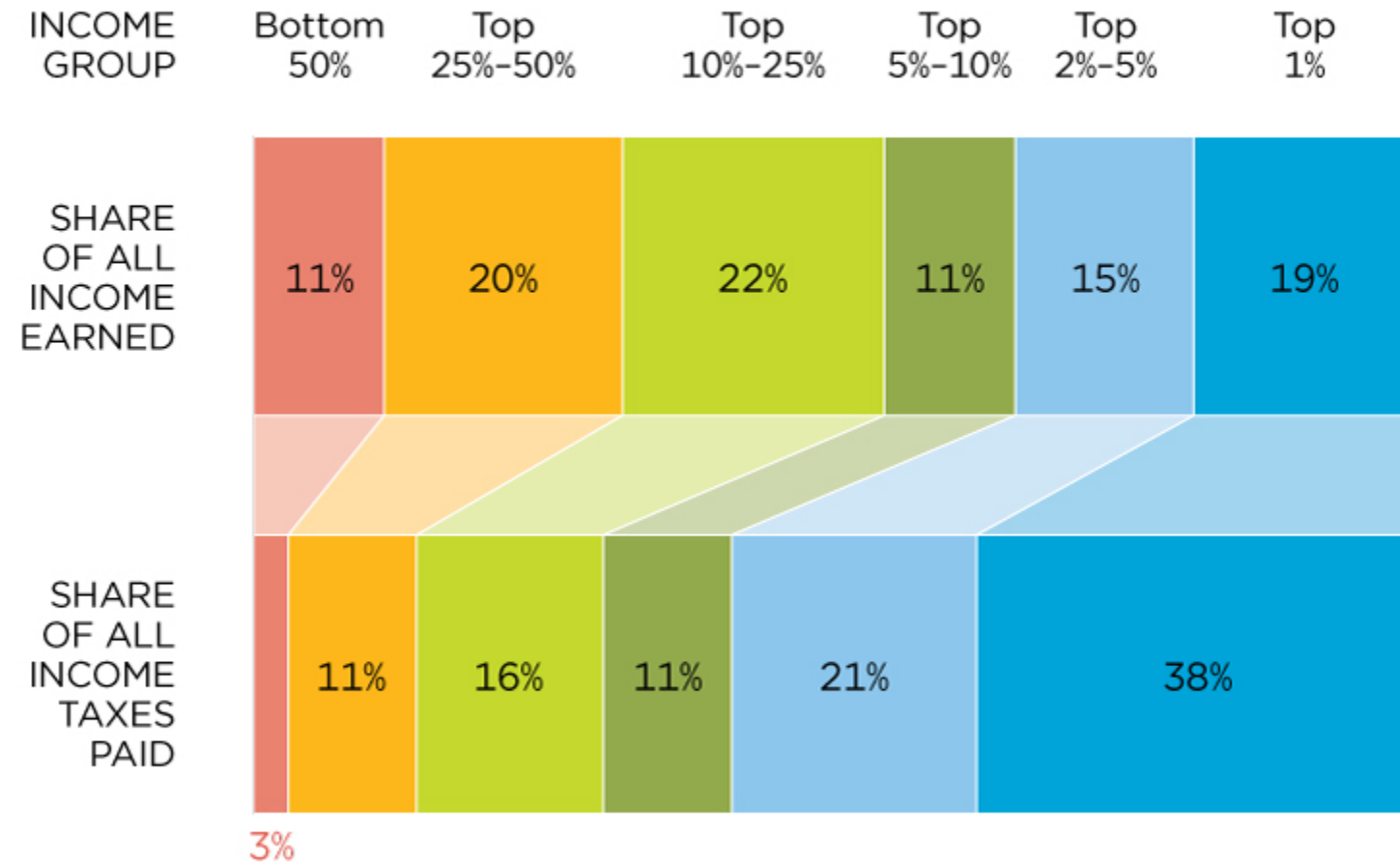


Sources: CBO and OMB.

heritage.org

# DO THE RICH PAY THEIR FAIR SHARE?

FEDERAL INCOME TAXES AND ADJUSTED GROSS INCOME EARNED IN 2013

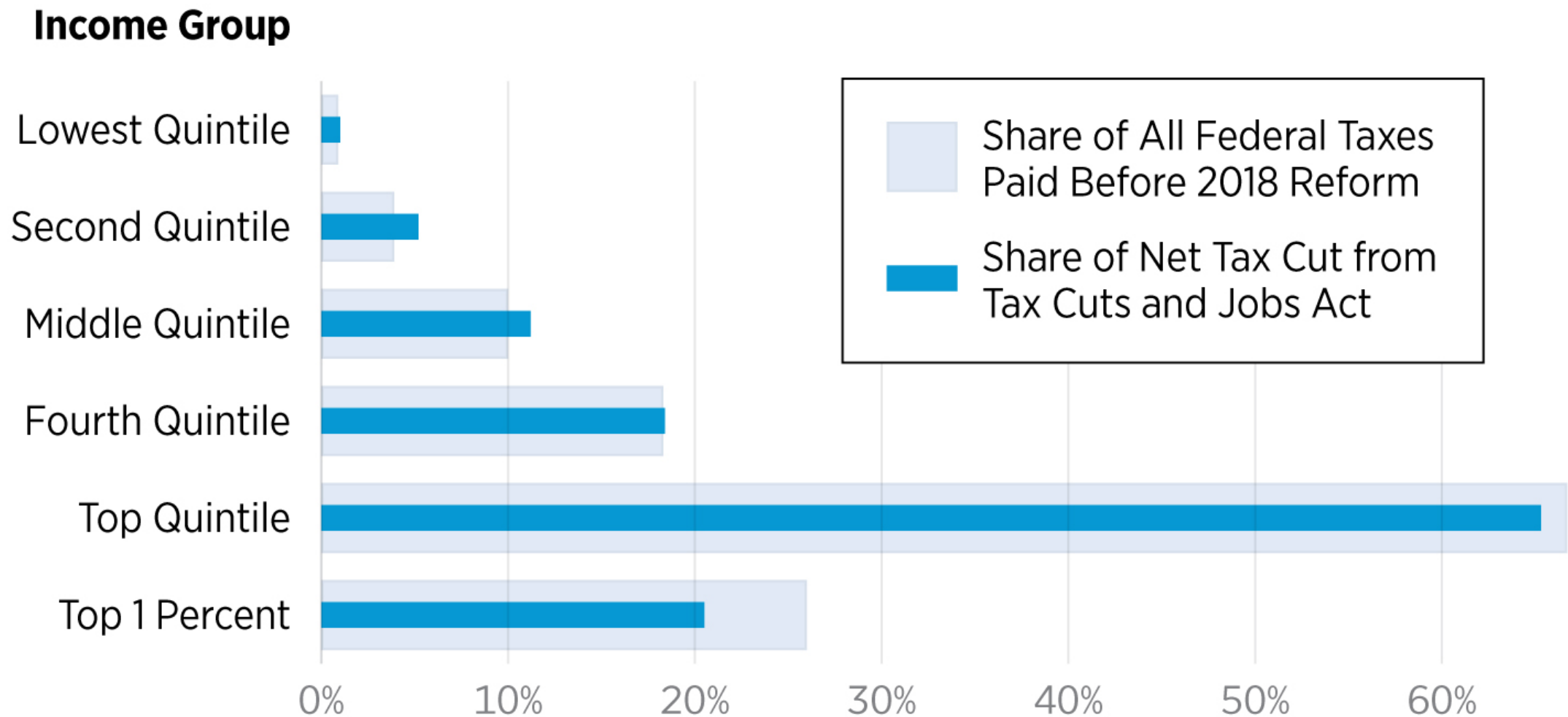


Source: IRS.

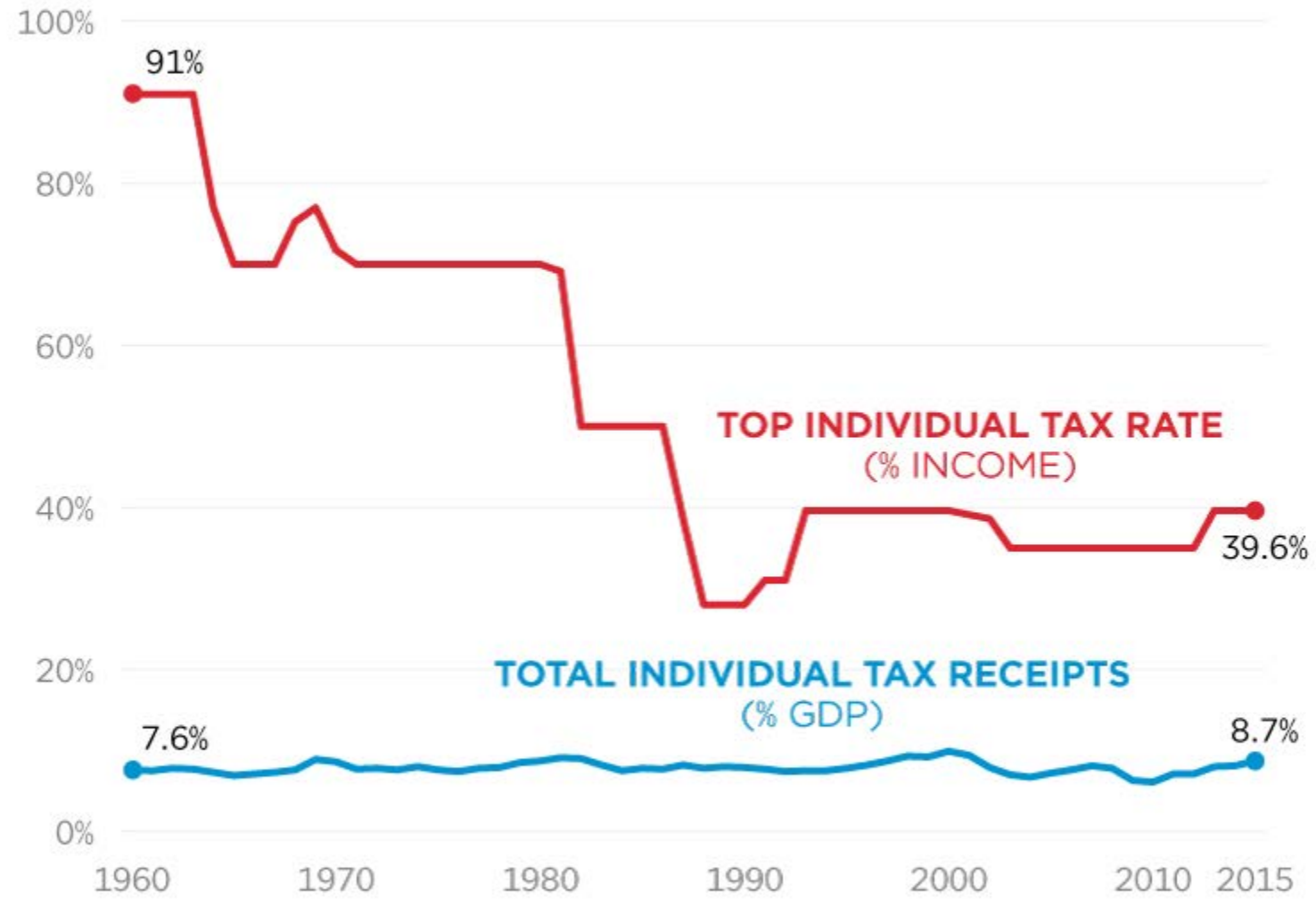
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# How the Tax Cuts Affect the Tax Burden

The Tax Cuts and Jobs Act shifted more of the federal tax burden to higher-income earners. Lower-income Americans received a larger tax cut compared to their share of federal taxes paid, and more Americans will receive tax refunds in excess of taxes paid.



# HIGH TAX RATES DON'T RAISE RECEIPTS



Sources: OMB and IRS.

heritage.org



# The Jones Family

ANNUAL INCOME: **\$75,000**

OCCUPATIONS:  
**SALES REP,  
PART-TIME NURSE**

HOMEOWNERS:

BUSINESS OWNERS:

## TAXES

**\$1,753**

CURRENT

**-\$261**

NEW BILL

**\$2,014**

SAVINGS





# The Lees

ANNUAL INCOME: **\$150,000**

OCCUPATION:  
**RETIRED WRITER  
RETIRED ATTORNEY**

MEDICAL EXPENSES:  
**\$15,000/YR**

ADDITIONAL INCOME:  
**SUBSTANTIAL 401(K)  
PART-TIME CONTRACTING**

## TAXES

**\$15,613**

CURRENT

**\$13,554**

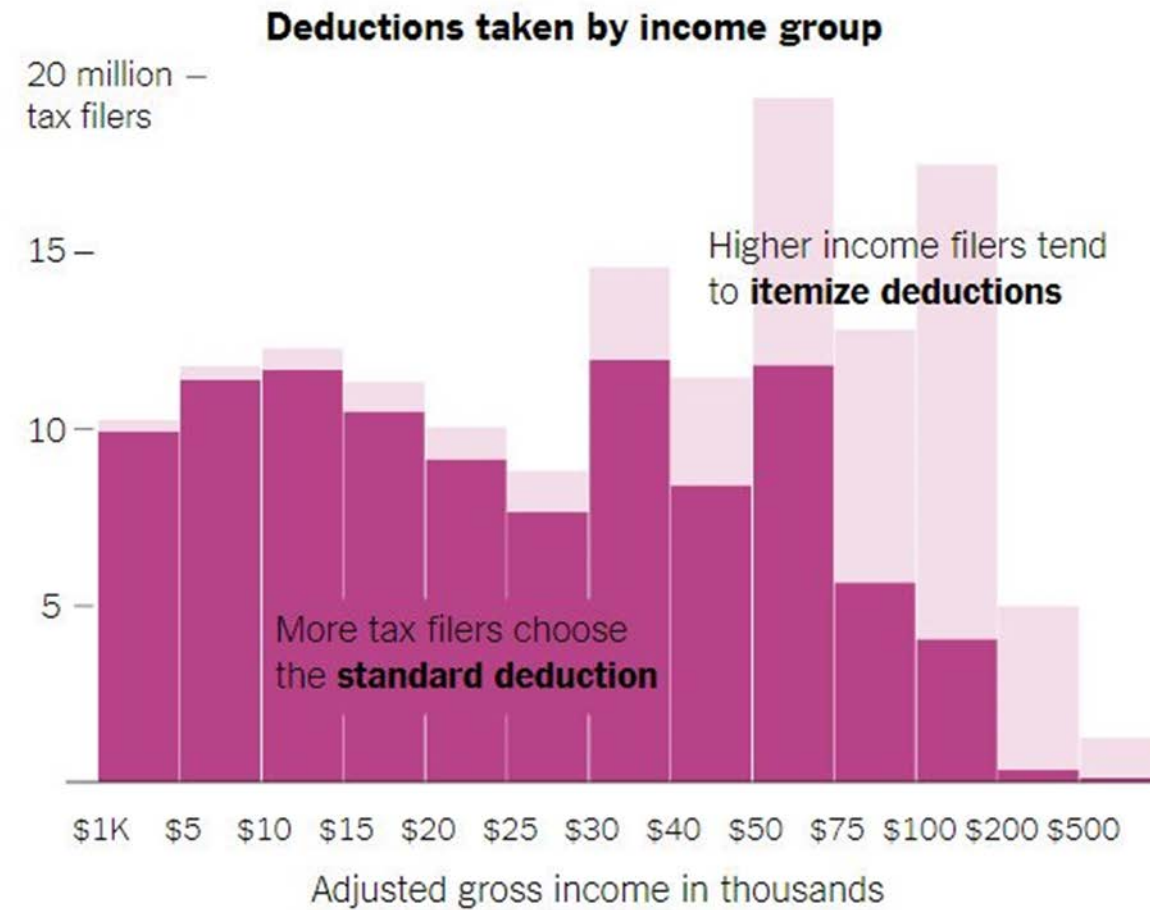
NEW BILL

**\$2,059**

SAVINGS



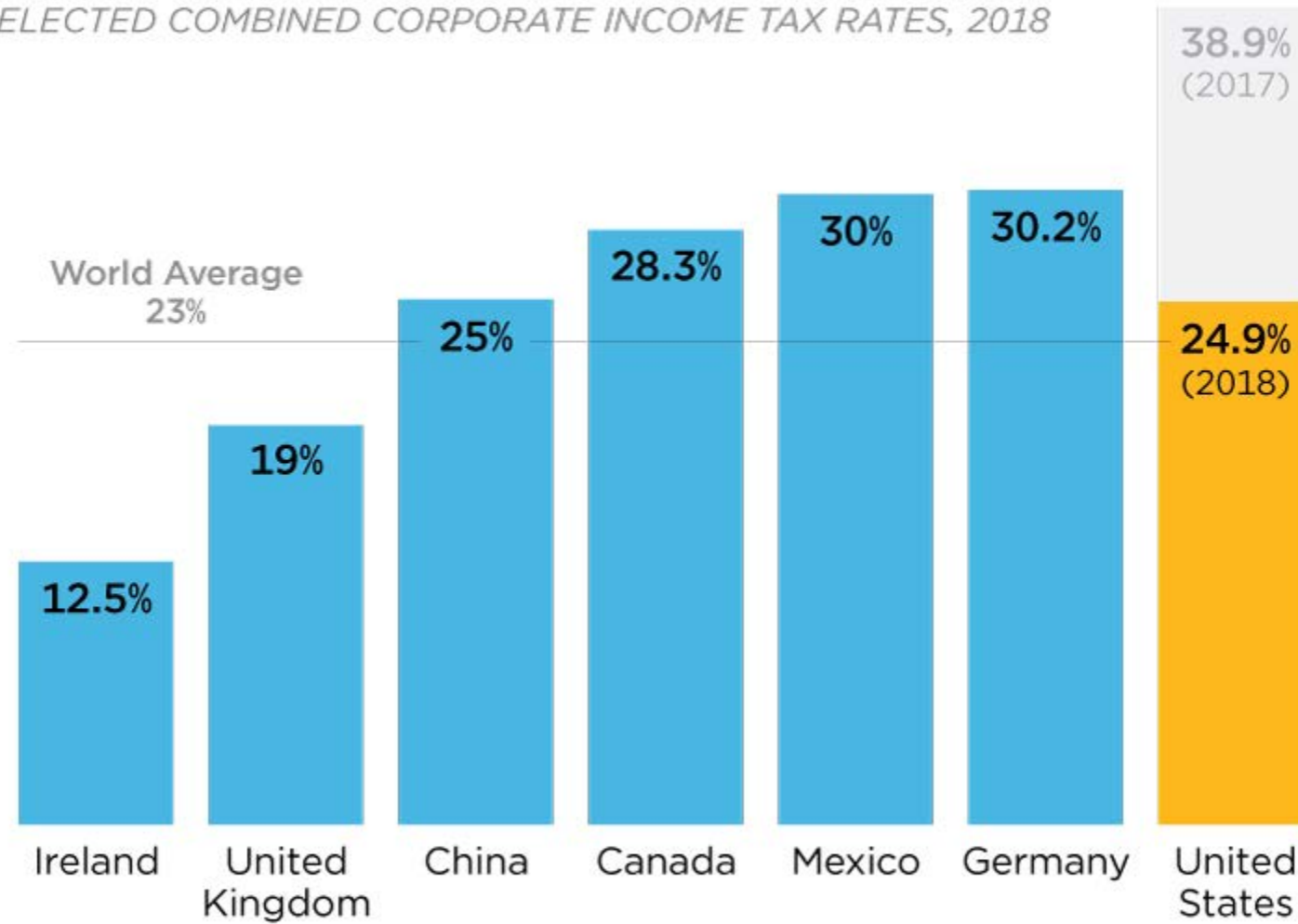
# Care for some SALT?



Source: Tax Policy Center | Based on 2014 data.

# U.S. CUTS CORPORATE TAX RATE

SELECTED COMBINED CORPORATE INCOME TAX RATES, 2018

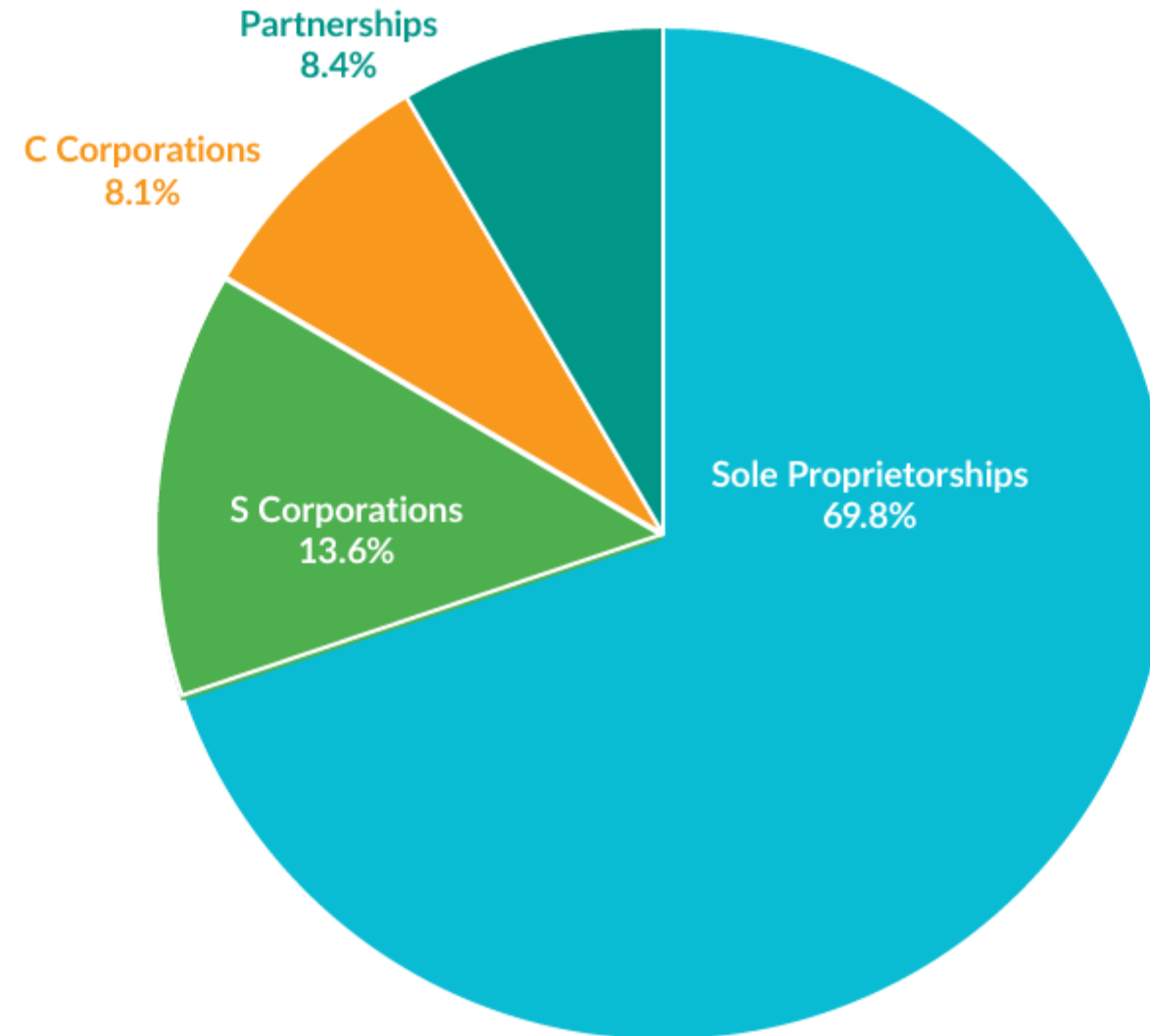


Sources: OECD, Tax Foundation, and KPMG.

heritage.org

# The Majority of Companies in the U.S. are Pass-Through Businesses

Share of Private Business Establishments by Form, 2014



Source: Census County Business Patterns (2014) and Non-Employer Statistics (2014)

# Heritage Calculations

	House Bill	Senate Bill	Conference Report (As Reported)
Capital Stock (Equipment)	+4.5%	+4.6%	+4.5%
Capital Stock (Structures)	+9.4%	+10.9%	+9.4%
Labor	+0.7%	+0.7%	+0.3%
Economic Output (GDP)	+2.6%	+2.8%	+2.2%
Annual GDP per household (2017 dollars)	\$4,068	\$4,403	\$2,962

*The*   
*Heritage Foundation*