

Trump's tax reform plan

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Since 2016's electoral campaign, Donald Trump has proclaimed his plan of reducing taxes for both individuals and businesses. According to taxfoundation. org, the new tax reform would increase the standard deduction to \$12, 000 for single filers, \$18, 000 for heads of household, and \$24, 000 for joint filers in 2018 (compared to \$6, 500, \$9, 550, and \$13, 000 respectively under current law) and lower most individual income tax rates, including the top marginal rate from 39. 6 percent to 37 percent and retain the current seven bracket structure, but bracket widths are modified (taxfoundation. org, 2017). With that being said lowering the marginal rate would help the economy and raise more tax revenue as the economy grows faster.

Trump is an advocate for economic growth and believes to do so, one of the key factors is lowering marginal rates. In support of lowering marginal rates, Economist Daniel Mitchell, explains when marginal tax rates rise, the price of working, saving, investing, and risk-taking rises as well (Mitchell, Daniel 2001). Ultimately individuals won't take the opportunity to receive more income and take another job due to the fact most of their money is going to the government.

On the other hand, many economists are not in support of Trump's GOP tax plan. Most believe the Republicans tax plan would actually do the opposite and increase America's debt. An article from the Washington Post explained how Thirty-seven of 38 experts surveyed by the University of Chicago's Initiative on Global Markets agreed that the GOP tax bills in congress would cause U. S. debt to increase substantially faster than the economy (Stain, Jeff 2017). From the Tax Policy Center, 91 percent of middle-income Americans

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will receive a tax cut, shouldn't that be a good thing? Bernie Sanders told the Washington Post, Yes, it is a very good thing, and that's why we should have made tax breaks for the middle class permanent. But what the Republicans did is made the tax breaks for corporation's permanent, the tax breaks for the middle class temporary (Weigal, David 2017). It's very controversial due to the fact this tax reform was supposed to help the middle- class permanently, not just temporarily.

Trump's tax reform was planned to benefit everyone. I agree that lowering the taxes gives people more incentive to work, invest, save, or even start their own business. It's supposed to be helping the economy. With that being said I don't agree with how those tax cuts are temporary. It just doesn't make sense for it not to be permanent. Furthermore, reducing individual income tax will relieve the tax burden on families. Ultimately the views on Trumps tax plan are mixed. Republicans are definitely in favor while the Democrats and nearly all of the top economist aren't. Being a middle- class young adult and having part time jobs, taxes play a big part in life. The more I work, the more of the hard money I've earned goes to the government. However, Trump is leading to the right direction, the fingers are finally pointing at working- class individuals and families. It's providing some relief to workers who are struggling with living expenses, especially where rental costs are up the roof.

Unlike the tax cuts for American individuals, starting in 2018 Trumps tax reform will lower corporate income tax rate permanently to 21 percent. According to Winegarden, the tax deduction is meant to provide a break on a portion of a business's income that results from capital income. Capital

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income stems from assets that accrue value over time and should receive a tax break, according to lawmakers, while labor income is income generated from workers and should be left out (D'Angelo, Matt 2018). Also, corporations would no longer have to pay taxes on money they claimed to receive in foreign countries. Therefore, the lower tax rate will allow corporations to raise wages, increase jobs, and invest more in the United States, ultimately furthering the growth economically. Bottom line Trump's tax reform cuts are planning for small business owners to reinvest back into their own business.

Although there are many controversial topics in Trump's tax plan, his plan with corporations and businesses is well supported by many Republicans and eventually hauling over some Democrats. According to the taxfoundation.org, from their growth model, the tax cuts and jobs act would increase the long-run size of the U. S. economy by 1. 7 percent. The larger economy would result in 1. 5 percent higher wages and a 4. 8 percent larger capital stock (taxfoundation.org, 2017). Many corporations believe with this new reform, not only business will grow but also the economy. The plan would also result in hundreds of thousands of jobs with better wages. With that being said and the bill almost at finalization, it's not what many Americans expected it to be. Heather long from the Washington Post stated, "cutting the corporate tax rate from 35 percent to 21 percent and allowing companies to write them off more of the costs of their capital spending would unleash a frenzy of business spending" (Long, Heather 2018). So far, nothing like that has happened and from surveys from business leaders don't believe it's going to pick up. Although it's still the beginning and

business owners are not willing to make these big of decisions without a lot of thought.

Trump's proposal on lowering corporate income tax rate permanently to 21 percent is definitely a plus for small and big business owners. Allowing corporations to not pay taxes on money they claimed to receive abroad will give them more of a cushion space for other expenses. Lowering the tax rate will let them to give out higher wages and more job opportunities for Americans. Therefore, the United States economy will grow even more. And that is the main goal, to get out of debt. The bill had just passed so it'll take some time for us to see improvements, there's a lot of criticism circulating but we can't really tell until a few years from now.

Donald Trump's tax reform plan was designed to reduce taxes for both individuals and businesses. To sum it up, his plan only favors middle- class tax payers on a short-term level but not on a long term while wealthy individuals and business owners permanently get a tax cut. For corporations, better incentives will encourage hiring and pay raises and furthermore the stock market will definitely see a boost. But for the rest of Americans, it doesn't benefit them in the long run. It'll give a huge tax cut to the wealthy while screwing over the middle class. Also, it'll cut millions of dollars from Medicaid. In conclusion, everyone who isn't wealthy, there taxes go up, while everyone who is wealthy get richer and the tax revenue would decrease.