Trump's tax cuts have boosted bottom lines, but not much else

Finance

The paper " Trump’s Tax Cuts Have Boosted Bottom Lines, but Not Much Else" is a prominent example of an article on finance and accounting. It is the mandate of the federal government to formulate tax policy. The tax policy affects either business or individuals within the country. This essay examines the summary and the discussion on Trump’s tax cuts policy for the corporate that intended to boost the investment by large companies in America. The article discusses whether tax cuts have helped push for the large investment in America a case which the authors dispute. The article “ Trump’s tax cuts have boosted bottom lines, but not much else” by Matthew Townsend and Brandon Kochkodin appeared on Economics on December 21, 2018. The authors refute the claim that President Trump’s tax cuts for corporations have achieved the intended purpose of spurring the dramatic expansion of companies and increase their profitability (Townsend, and Kochkodin, para1) The article depicts that instead of using tax savings policy to boost net margins, companies seem to be using their savings. The sales and profit information from the S & P 500 Index companies indicate that their net profit margins have been increasing with tax savings at the same time lowered by high costs (Townsend, and Kochkodin, para4). Thus, tax policy was prudent since the tax cuts only helped companies offset the cost that is increasing as the economic cycle expands. This article presents facts to support their arguments on the tax cuts by Trump by examining the results of profits and sales for S&P 500 Index companies and other surveys. All have indicated that despite tax savings, the operating margin has been doing poorly due to increased cost. Examining the topic of tax cuts and the effects on the profitability of the companies as related to the costs of the companies as presented in the article, probably the most affected party involves the clients of these firms. The move by the federal government to cut off corporate tax for companies would mean the government would increase the federal income tax for large groups of workers within these farms to compensate for corporate tax cuts. Additionally, the income tax increase would be inevitable as these companies would lay off most workers in response to increased costs as the economy continues to expand. Thus, from the tax savings for corporate businesses instituted by the government, companies have been able to make savings. However, companies use these savings to offset their increasing costs. Cutting off corporate tax would lead to an increase in the federal income tax for large groups of workers within these farms to compensate for corporate tax cuts.