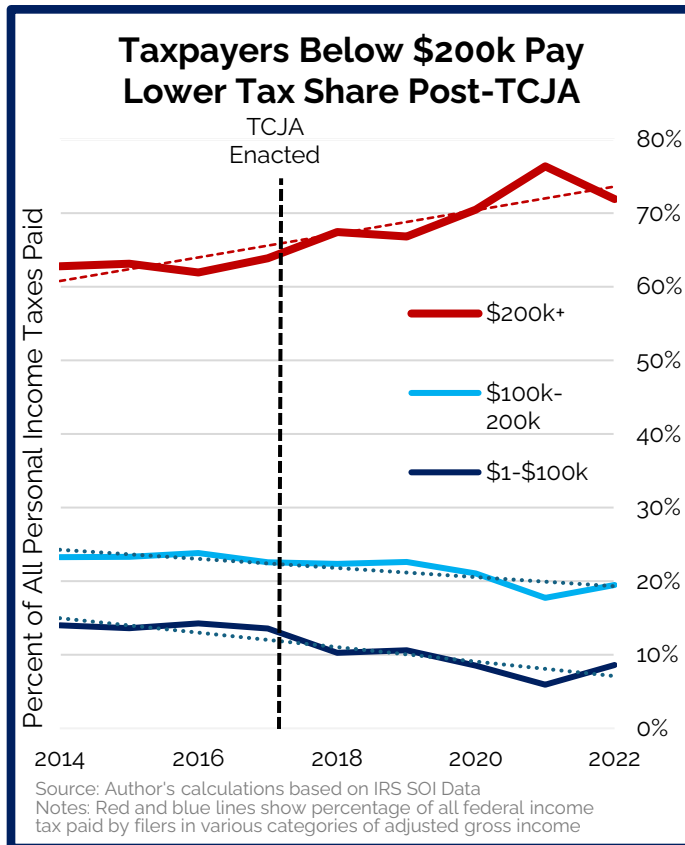


DEBUNKING THE TAX CUTS FOR THE RICH MYTH

TOPLINE: The share of income taxes paid by taxpayers with low to moderate incomes will fall under the One Big Beautiful Bill, as happened with the 2017 tax cuts.

BACKGROUND: Critics of the 2017 Tax Cuts and Jobs Act (TCJA) attacked the legislation as being “tax cuts for the rich.” In reality, not only did TCJA reduce the *amount* of taxes paid by low- and middle-income taxpayers, but it also reduced the *share* of income taxes they paid.



Facts and Figures

- In the year after TCJA, the share of income taxes paid by those making less than \$100,000 fell from **13.6%** to **10.2%**, a **3.4%** drop.
- The same group's tax share only fell by about **0.4% total** in the **3** years before TCJA.
- The tax share of those making \$200,000+ rose by **3.5%** from **63.9%** to **67.4%** the year TCJA was enacted, despite only rising by 1.1% the previous **3** years.
- Despite comprising only **8%** of all taxpayers in 2022, taxpayers making \$200,000+ paid **72%** of all personal income taxes.

OBBB Extended TCJA Changes and Further Reduces Middle-Income Taxes

OBBB extended TCJA's individual income tax cuts that, as described above, disproportionately reduced taxes paid by low- and middle-income Americans. Most of OBBB's significant *new* or *expanded* tax cuts will further reduce the tax share of low- and middle-income earners, including a further increase to the standard deduction, the Child Tax Credit increase, adjustments to the bottom two tax brackets, No Tax on Overtime, No Tax on Tips, No Tax on Car Loan Interest, the senior deduction, and changes to charitable deductions.

BOTTOMLINE: High-income Americans pay a disproportionate share of taxes. That won't change under OBBB.

