

# GOP TAX SCAM 2.0

The ink isn't even dry on Republicans' manufactured default crisis, and they're already back to doing what they do best: cutting taxes for the wealthy and well-connected while the most vulnerable families get left behind.

## ***Corporate giveaways are costly and benefit the most profitable corporations***

**Interest Expense Deduction:** Republicans want to loosen the rules they included in their tax scam to tighten the amount of interest that businesses can deduct. In making it easier for leveraged businesses to deduct interest from their taxes, Republicans are handing out over \$10 billion each year, 85 percent of which goes to businesses with revenue over \$100 million.

**Bonus Depreciation:** In the first Tax Scam, Republicans allowed businesses to write off the entire cost of equipment in the year it is purchased. Two-thirds of the benefits go to corporations making over \$250 million in revenue, and from 2018 through 2021, about two dozen of the largest corporations received roughly \$50 billion in tax breaks through this provision.

**Research & Development:** This provision would allow corporations to deduct the full cost of all Research and Development expenditures and retroactively apply it to 2022. This provision is designed to incentivize research that would not otherwise be conducted. In this bill, Republicans made the startling decision to give away money to companies that conducted research in prior years without the need for an incentive.

**Climate Denialism:** Republicans are doubling down on their climate denialism just days after millions of Americans were sheltered inside due to regionwide air quality warnings on the East Coast. Republicans want to repeal key pieces of the largest investment in the climate crisis in our nation's history and provide Big Oil with a \$10 billion tax break.

## ***Even when Republicans try to cut taxes for families, they leave the most vulnerable behind***

This legislation proposes expanding the standard deduction by \$2,000 for single filers and \$4,000 for married couples for the next two years. The benefits skew toward affluent families, with 60 percent of the benefits going to the wealthiest 40 percent of households, and won't help those most in need. Families with the lowest incomes do not earn enough to get any tax break at all.

Republicans still don't know how to cut taxes for working families even after Democrats showed them how to with our expanded Child Tax Credit. Democrats' expanded Child Tax Credit cut child poverty by 40 percent and benefitted over 35 million families, with over half of the benefits going directly to the poorest 20 percent of families.

**Republican tax cuts are a masterclass in failed promises:** they don't pay for themselves, nor do they increase revenue or raise workers' wages. That wasn't true in 2001, 2003, or 2017, and it isn't true now. It's merely lip service to working families and small businesses while their record speaks for itself: \$10 trillion in tax cuts to the wealthy and well-connected.

The ink isn't even dry on Republicans' manufactured default crisis, and they're already back to doing what they do best: cutting taxes for the wealthy and well-connected while leaving the most vulnerable behind.

- **Tax Scam 2.0 isn't about small business:**

- Two-thirds of the benefits of bonus depreciation go to businesses with revenue of over \$250 million.
- 85 percent of the tax benefit from loosening the rules on interest deductions flows to business with revenue of more than \$100 million.

- **Nor is it about working families:**

- The most vulnerable families don't make enough to benefit from the standard deduction at all.
- Republicans skewed the only individual benefit in their Tax Scam to the most affluent families, with 60 percent of the benefit going to the wealthiest 40 percent of families, whereas over half of Democrats' expanded Child Tax Credit went directly to the poorest 20%.
- This proposal gives the wealthiest fifth of Americans over \$60 billion in tax cuts next year while the poorest fifth would receive just \$1.4 billion.

- Tax Scam 2.0 doubles down on climate-denialism, even as millions of Americans were sheltering inside last week due to regionwide air quality warnings, while rewarding Big Oil with a \$10 billion tax break. Hitting the brakes on our clean energy economy will sabotage hundreds of thousands of new, good-paying American jobs and our climate goals too.

- **Compare that to the Democrats' record:**

- A historic, hard-earned economic recovery with 13.1 jobs created under President Biden, including 142,000 jobs created from the IRA in just ten months.
- \$127 billion invested in green projects around the country.
- Child poverty cut nearly in half.
- It's clear what Republicans' version of "fiscal responsibility" is: major tax cuts for billionaires and big corporations while continuing their threats to balance the budget on the backs of Social Security and Medicare recipients.
- Republican tax cuts are a masterclass in failed promises and their record speaks for itself: they don't pay for themselves, nor do they increase revenue or raise workers' wages. That wasn't true in 2001, 2003, or 2017, and it isn't true now. Yet, they are still setting the stage to run another version of their trickle-down economics playbook in 2025.

## Key Analysis of the GOP Tax Scam 2.0

### Committee for a Responsible Federal Budget: W&M Tax Bill Would Cost Over \$1 Trillion if Made Permanent

Republicans use a budget gimmick to hide the real cost of their tax cuts that they hope to make permanent in 2025. The Committee for a Responsible Federal Budget estimates that if all provisions are permanent, the trio of bills would result in more than [\\$1 trillion](#) in revenue losses over the next ten years.

#### The Institute on Taxation and Economic Policy (ITEP):

- The trio of tax bills that House Republicans will consider in committee on Tuesday, June 13, include tax cuts that would mostly benefit the **richest one percent of Americans and foreign investors**.
- Under the legislation, the richest fifth of Americans would receive **\$60.8 billion** in tax cuts next year while the poorest fifth of Americans would receive **\$1.4 billion** in tax cuts.
- Because foreign investors own much of the stock in U.S. corporations, they would ultimately receive **\$23.8 billion** of the corporate tax cuts next year.
- The only group of Americans receiving more than foreign investors next year would be the richest 1 percent, who would receive **\$28.4 billion**.
- The legislation includes an increase in the standard deduction that would help some middle-income taxpayers but would do little for those who most need help.
- As a result, the poorest fifth of Americans would receive an average tax cut of just **\$40** next year while the richest one percent would receive an average **\$16,550** tax cut next year.
- This analysis does not address who ultimately pays for the revenue-raising provisions (which would repeal clean energy tax credits) because their costs would ultimately fall on everyone in the form of greater climate damage.

### **50 Years of Failed Trickle-Down Economics Won't Stop Republicans from Giving More Handouts to the Wealthy and Well-Connected**

**\$10 trillion:** how much the Bush and Trump tax cuts added to the debt;

**57 percent:** how much the Bush and Trump tax cuts account for in the increase in debt-to-GDP ratio since 2001. Without those tax cuts, our debt would actually be declining as a share of the economy. And but for one-time crisis measures like COVID relief, the tax cuts would account for **90 percent**.

**\$806 billion:** how much big corporations spent on stock buybacks in 2018, instead of passing their Tax Scam giveaways on to workers

**GOP argument:** TCJA paid for itself.

**FACT CHECK:** Even their own Douglas Holtz-Eakin doesn't buy it, and [wrote](#), "no serious economist would make such a claim."

Five years into TCJA, we have the numbers to prove that the tax cuts did not pay for themselves. In 2017, JCT scored the bill as having a \$5.5 trillion mix of business and individual tax cuts over 10 years and \$4 trillion in tax increases, for a net cost of \$1.5 trillion. That was later boosted to a cost of \$1.9 trillion by the CBO but rescored at \$1.6 trillion after tax revenues increased. Unless there's a miracle in the near term, it looks like TCJA blew a significant hole in the deficit, as predicted.

**GOP argument:** TCJA lifted millions out of poverty and helped shrink income inequality.

**FACT CHECK:** There is no evidence to support this claim, but the evidence is clear that Democrats' expanded Child Tax Credit cut child poverty in half.

A recent study from University of California, Berkeley, the Federal Reserve Board, and the Joint Committee on Taxation (JCT) found that **none of the earnings gains** from the 2017 corporate rate cuts accrued to the bottom 90 percent.

**GOP argument:** Corporate tax revenues increased because of the TCJA.

**FACT CHECK:** Corporate tax revenues decreased because of the Republican Tax Scam by over \$400 billion. Here is a comparison to the CBO assumed corporate tax receipts by the CBO that they published in 2017, compared with the actual receipts:

	CBO 2017 Prediction	Actual
2018	\$324B	\$205B
2019	\$344B	\$230B
2020	\$380B	\$212B
2021	\$383B	\$372B

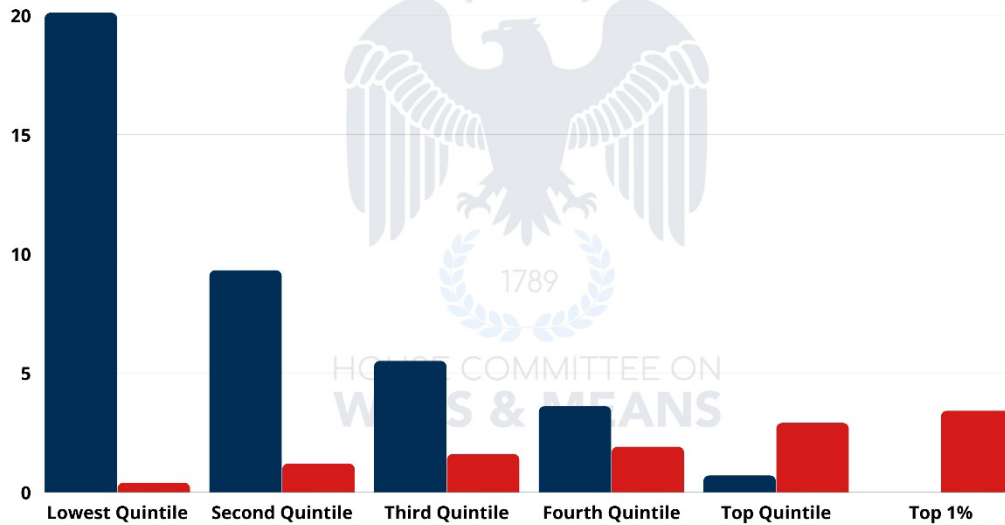
**GOP argument:** There is more revenue coming in than ever before.

**FACT CHECK:** Speaker McCarthy is cherry-picking data to rationalize their tax cuts to billionaires and big corporations. The fact is certain pandemic provisions temporarily increased revenues, and won't last. There was also a boom in capital gains in 2021, and the May 2023 data showing revenues down from CBO expectations.

## KEY GRAPHS

### DEMOCRATS DELIVER FOR HARDWORKING AMERICANS.

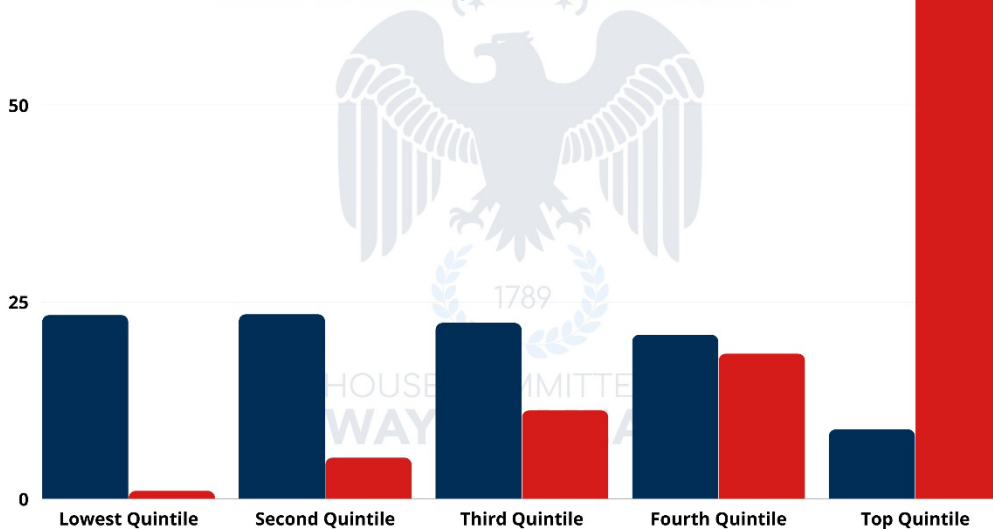
Change in After-Tax Income (%) in the American Rescue Plan vs. the  
Republican Tax Cuts and Jobs Act



Source: Tax Policy Center

### REPUBLICANS DELIVERED FOR THE WEALTHY AND CORPORATIONS.

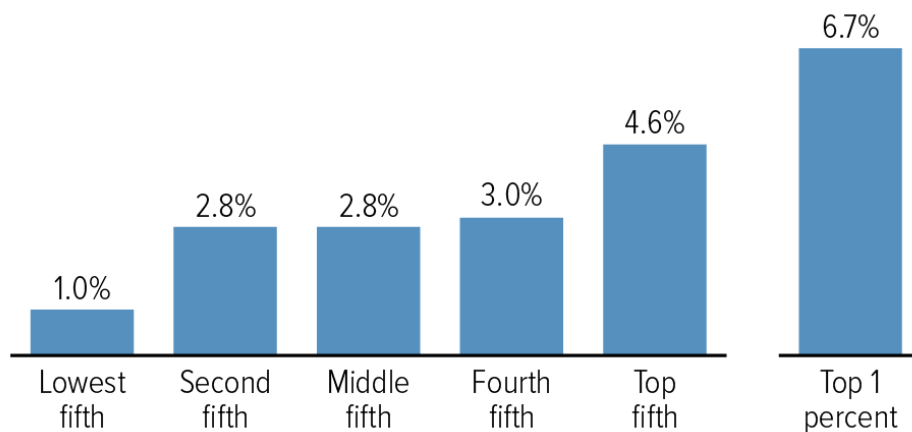
Distribution of Federal Tax Change in the American  
Rescue Plan vs. the Republican Tax Cuts and Jobs Act



Source: Tax Policy Center

## High-Income Households Gained the Most from Bush Tax Cuts

Percent change in after-tax income by income group, 2010



Note: Tax cuts include the Economic Growth and Tax Relief Reconciliation Act of 2001, the Jobs and Growth Tax Relief Reconciliation Act of 2003, and other tax policy enacted during the Bush administration such as increasing the exemption level for the Alternative Minimum Tax.

Source: Tax Policy Center table T10-0232.

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## New Tax Law Delivers Large Tax Cuts to Most Well-Off

2025

Income group	Percent change in after-tax income	Average tax change
Lowest fifth	0.4%	-\$70
Second fifth	0.9%	-\$390
Middle fifth	1.3%	-\$910
Fourth fifth	1.4%	-\$1,680
Top fifth	2.3%	-\$7,460
Top 1 percent	2.9%	-\$61,090
Top 0.1 percent	2.7%	-\$252,300

Note: Excludes effect of repeal of health reform's individual mandate, which required most people to buy health insurance or pay a penalty.

Source: Tax Policy Center

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