



## TRUMP-GOP TAX CUTS NOT WORKING FOR SMALL BUSINESS

### *Big Corporations, Wealthy Are Real Winners from New Tax Law*

Contrary to false claims made by President Trump and Republican leaders in Congress, it is not small businesses like corner grocers, neighborhood plumbers and start-up web designers who are the winners from the new Trump-GOP tax law. It is rich families, large public corporations, and wealthy private business owners like Trump.

### **MOST OF THE TAX CUTS GO TO THE WEALTHY AND BIG CORPORATIONS, NOT TO MAIN STREET BUSINESSES AND THEIR CUSTOMERS**

- The top priority of the tax law was to [slash corporate income taxes by 40%](#), dropping the rate from 35% to 21%. Only [5% of small businesses](#) pay corporate income taxes. The rest are known as “pass-throughs,” because their income is “passed through” to their owners who are taxed under the individual income tax system.
- While all corporations benefitted from this big tax rate cut, multinational corporations like drug companies and high-tech behemoths got an even sweeter deal. Their tax rate on offshore profits is now effectively about [half the domestic rate](#). Moreover, they were handed an additional [\\$400 billion tax cut](#) on their offshore profits accumulated from past years, much of it stashed in tax havens.
- [83% of the tax cuts](#) in the new law will go to the wealthiest 1% once it’s fully implemented. Their share is so high because so much of the tax cuts benefit corporations, and [most corporate stock is owned by the wealthy](#).
- The average [tax cut for the richest 1% is \\$51,000](#) this year. That’s about what an average sole proprietor [earns in a year](#), according to the Small Business Administration. There are 30 million small businesses; more than 8 out of 10 ([25 million](#)) are sole proprietorships.

### **THE “SMALL BUSINESS” TAX BREAK IS PRIMARILY A TAX CUT FOR THE WEALTHY**

- Under the new law, owners of pass-through businesses—sole proprietorships, partnerships and S corporations—are allowed, with several restrictions, to exclude 20% of their business income from taxation.
- [Three-fifths of the value of this tax break](#), supposedly targeted at “small businesses”, will go to the richest 1% by 2024. This is partly because business income is so highly concentrated. The wealthiest 1% of business owners [receive over half of all pass-through-business income](#).
- President Trump’s billion-dollar business empire is a perfect example of the kind of business that [really benefits from this new tax break](#). The Trump Organization is a collection of [over 500 pass-through entities](#).

## TAX CUTS THREATEN SERVICES VITAL TO SMALL BUSINESSES AND THEIR CUSTOMERS

- The Trump-GOP tax cuts will [add nearly \\$2 trillion to the national debt](#), most of it due to the corporate and business tax cuts. Republicans are using the ballooning debt as an excuse to propose deep cuts in public services that small businesses and their customers rely on.
- To address the debt and pay for tax cuts, Trump and House Republican leaders [propose to cut between \\$1.3 and \\$2 trillion](#) from Medicare, Medicaid and the Affordable Care Act (ACA). These cuts will cause millions to lose coverage and increase the cost of health insurance for small business owners, workers and customers. Small businesses consistently rank the [cost of healthcare as one of their top concerns](#).
- The tax law is making health insurance in ACA plans used by small business owners and workers much more expensive and difficult to access. Nearly [5 million employees](#) at companies with fewer than 50 people gained insurance from ACA marketplaces between 2013 and 2015. The tax law weakened a requirement that everyone get a minimum level of insurance, which the government subsidizes for lower-income families. As a result, [8 million people](#) will lose this health coverage, [saving \\$314 billion](#)—money being used to pay for corporate tax cuts. Due to this change, insurance premiums in ACA plans will [spike up by 10%](#), on average, most years for the next decade, [adding \\$2,000](#) to a typical family's insurance bill. Older adults will [pay even more](#), according to AARP.
- Main Street businesses succeed when their customers succeed. When Medicare, Medicaid, the ACA, Social Security, public education and transit services are all cut, working families are stressed. They can't afford as many groceries, haircuts, dinners out, new cars and other goods and services offered by local businesses. It's this kind of local economic activity that grows businesses, creates jobs and makes neighborhoods hum. Most jobs aren't created by trickle-down tax cuts for wealthy investors and multinational corporations.

## TAX CUTS ARE NOT CREATING MANY JOBS OR RAISING WORKERS' WAGES

- Fewer jobs have been created each month since enactment of the Trump tax cuts than were created during the final years of the Obama administration. Job creation has [averaged 215,000 per month](#) since Trump's tax cuts were enacted, while an average of 224,000 jobs a month were created during Obama's last three years in office. And Obama didn't cut taxes.
- Trump promised that employers would use their tax cuts to give [working families a \\$4,000 pay raise](#). But [wages after inflation have been flat](#) for the last year. Workers have no extra money in their pockets to spend with Main Street businesses.
- Corporate tax cuts are not trickling down to employees: [only 4% of workers](#) (7 million out of 155 million) have gotten a pay hike connected to the corporate tax cut, and most of those have been one-time bonuses rather than permanent raises.
- Corporate tax cuts have largely gone to CEOs and rich shareholders. Since enactment of the new tax law, corporations have announced stock buybacks of [\\$689 billion](#)—97 times more than the \$7 billion corporations have promised workers in pay hikes. Buybacks [mostly benefit the wealthy](#), who own most corporate stock.