



Trump Doubles Down on Promise to Give Americans a Tax Break

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President Trump on Monday reiterated his promise to slash the tax rate for individuals, and for American businesses: “We are going to be cutting taxes massively for both the middle class and for companies,” he said from his chair in the Roosevelt Room at the White House.

Trump’s tax plan involves collapsing the current seven-tier bracket system into just three brackets; those who make less than \$75,000 would pay 12%, Americans with earnings between \$75,000-\$225,000 would pay 25% and workers with incomes of more than \$225,000 would pay 33%. Under these reforms, taxpayers making between \$48,652 and \$88,148 annually would save between \$1,174 and \$7,052, according to the Tax Foundation.

The top rate proposed by the new administration (33%) is significantly lower than the maximum rate under President Obama, 43.8%, according to Grover Norquist, Americans for Tax Reform president.

“[The Republican plan] will offer a standard deduction of \$12,000,” Norquist told FOX Business. This means, on average, an additional \$12K worth of your income will be exempt from taxes as a result of the government’s policy.

However, the Republicans’ blueprint for reform offers advantages to Americans beyond the mere reduction in taxes, according to Chris Edwards, director of tax policy at the Cato Institute.

“The benefits of tax reform for the average family won’t be just the tax reduction, but also the higher wages and incomes stemming from greater business investment and hiring. The Tax Foundation found that the Trump plan would raise U.S. wages by about 6%. So for workers earning \$50,000 a year, that would be a substantial \$3,000 annual wage boost,” he told FOX Business.

The tax benefits for American businesses are also expected to be substantial. Trump said the new administration will slash the corporate tax rate to 15%-20%, down from the current level of 35%.

After attending a meeting with Trump Monday morning, Dow Chemical CEO Andrew Liveris expressed his confidence in Trump's forthcoming economic policy bids, saying "he's going to make us all more competitive," to a group of reporters gathered outside the White House.

Overall, Norquist believes President Trump and the U.S. House are moving in tandem on tax reform, which is a promising sign for swift approval of the legislation, and for the economy in general.

"By reducing tax rates for the American taxpayer, it will lower barriers to savings investments and work... [It will be a] big step forward for job security and job growth," Norquist said.