NYT Makes Major Accounting Mistake in Tax Cuts and Jobs Act “Analysis”

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The New York Times recently published an “analysis” on how the Tax Cuts and Jobs Act (TCJA) would impact a hypothetical couple named Samuel and Felicity Taxpayer. They made a major accounting mistake in their initial article and, after some pushback, issued a correction that still did not clear up their errors.

The imaginary family consisted of two children and an elderly parent living in the household.

“Both Samuel and Felicity earn income, she as an employee of a design firm and he as a self-employed engineering consultant,” the Times wrote, adding “their total income for 2017 was $183,911, but after deductions, their taxable income is $88,293. In 2018, it would be $116,097.”

Initially, the Times claimed the couple would see a $3,896 increase in their taxes as a result of the TCJA, the first overhaul to the U.S. tax code in roughly 31 years. Last Friday, the Times published a correction:

Putting aside that this correction results in an enormous revision to the imaginary couple’s tax liability, there are two big issues with the article that remain problematic.

First, the Times blamed the TurboTax “What-If Worksheet” instead of admitting the writers of the article apparently were unqualified to write it. Tax preparation software isn’t responsible for someone not knowing whether a couple qualifies for the earned income credit or other deductions for various forms of income.

Second, their revisions are still incorrect. The couple still didn’t claim nonrefundable credits for their dependents. The imaginary couple have two children, Luke and Heidi. They also have a dependent parent, Sydney. They are entitled to a $500 credit for each, for a total of $1500 in credits under the TCJA.

So, to sum up, the leftwing Times incorrectly calculated the couple’s tax situation not once but twice. In reality, President Donald Trump’s signature tax reform overhaul saved Samuel and Felicity Taxpayer $1543.00, not $43. And it certainly did not raise their tax burden by nearly $4,000.00.

If this was meant to be analysis or independent reporting, it was sloppy. Unfortunately, this isn't the first time major media outlets and newspapers have incorrectly calculated the impact of this administration's proposals, including the Tax Cuts and Jobs Act (TCJA).

Daniel J. Mitchell, a Senior Fellow at the Cato Institute and PPD's resident expert on tax reform and supply-side tax policy, recently corrected the Times and The Washington Post on Medicaid reforms. He's written extensively about the impact of the TCJA, which resulted in less than 5% of taxpayers experiencing an increase in their tax burden. They are mostly higher-earning taxpayers, while roughly 85% of the country got a cut and the remainder experienced no change.

UPDATE: We received this via email from the Republican National Committee (RNC). Daniel Hemel is no rightwing economist. He is a liberal assistant professor at the University of Chicago Law, where he teaches on the subjects of tax law, administrative law and torts.

"Still don't see why Samuel & Felicity aren't claiming nonrefundable dependent credits of $500 for their children Luke & Heidi and their parent Sydney, for additional tax savings of $1500 under the new law," he tweeted.

Thank you, Professor Hemel.

Correction: March 2, 2018

An earlier version of this article incorrectly described the probable effect of the new tax law on a hypothetical couple's 2018 tax bill. The TurboTax "What-If Worksheet" that generated the projection for their 2018 taxes failed to indicate that the couple would probably be entitled to claim a sizable deduction for income earned from consulting. As a result of that deduction, the amount they would likely owe on taxes would decline by $43, not rise by $3,896.