

Unpacking the 2017 Tax Cuts and Jobs Act

How the TCJA Failed Working Families and Enriched the Ultra-Wealthy

In 2017, Congress passed the Tax Cuts and Jobs Act (TCJA) and handed massive tax giveaways to the wealthy. Proponents [sold the law](#) as a boon for the middle class, but that couldn't be [further from the truth](#). In addition to [ballooning the deficit](#), the 2017 law ultimately enriched the ultra-wealthy and corporations at the expense of everyday Americans and turbocharged the current price gouging epidemic.

The ultra-rich disproportionately reaped the benefits of the 2017 tax law.

- The law gave the richest 1% of Americans a tax cut [67 times larger](#) than the tax cut received by teachers, nurses, firefighters, and other middle-class households. The richest 0.1% of Americans got a tax cut that was [277 times larger](#).
 - Simply citing the “average” size of the tax cut erases this inequality and misrepresents the law as more beneficial to middle and low-income families than it really was.
- [Over one-third of taxpayers \(35%\)](#) saw no changes in their taxes or faced a tax increase under the law. Of the taxpayers who received any tax cut at all, many received a tax cut so small that they [didn't even realize it](#).
- The law created a costly new loophole for wealthy business owners to deduct 20% of their business income from their *personal* income taxes. In the first year alone, 82 ultra-wealthy households received [\\$1 billion in total savings](#) from this one provision which [left out many small business owners](#).

The corporate tax giveaways enriched wealthy executives, but did little for workers.

- The 2017 tax law slashed the corporate tax rate from 35% to 21%, with the top 1% receiving 36.2% of the corporate provisions. Although officials [promised](#) that "more than 70% of this [tax cut] will be returned to workers," that never happened.
- Corporations [overwhelmingly used the tax cuts to pay for trillions of dollars in stock buybacks](#), benefiting shareholders but doing nothing to grow or reinvest in the economy. Billionaire wealth [doubled](#) and C-suite executives got [major raises](#), yet [90% of workers did not see a raise](#).

- Median wage growth actually [slowed](#) in 2018 and 2019 after the tax giveaways became law. The pandemic recovery largely contributed to recent wage growth by lifting wages through high employment.

Ultimately, the TCJA failed to grow the economy and in fact contributed to the current price gouging epidemic.

- Overall, the data shows the tax giveaways [did not create an economic boom](#). In the years following the cuts until the pandemic, economic growth and corporate investment continued [at about the same pace](#) as before the tax breaks. The gains touted by Republicans are, in fact, [part of longer-term economic trends](#), fueled by Obama-era economic policies.
- Claims that the law encouraged corporations to invest in America are false. In fact, the law created clear “incentives for American-based corporations [to move operations and jobs abroad](#).” Specifically, the law provides a zero percent tax rate for many offshore profits and empowers corporations to shift profits to countries with minimal or no corporate income taxes.
- The corporate tax giveaways also incentivized corporations [with the market power to do so](#) to raise prices, a phenomenon known as “[greedflation](#).” Rock bottom taxes mean companies are able to keep more of the winnings from their sky-high prices instead of returning them to the Treasury.
- Profit margins have remained high – and even grown – as labor costs have stabilized, non-labor input costs have come down, and supply chain snarls have eased – but neither workers nor everyday families are reaping these benefits. **In fact, [corporate profits drove 53% of inflation](#) during the second and third quarters of 2023 and more than one-third since the start of the pandemic.**

In 2025, key provisions of the 2017 tax law are expiring. This is a critical opportunity to address long-standing inequalities in our tax code, make corporations and the ultra-rich pay their fair share, and build an economy that works for everyone.