

TCJA MYTHS VS. FACTS

MYTH

The TCJA Was
Designed By And For
The One Percent

FACT

The Tax Cuts and Jobs Act (TCJA) focused on American competitiveness and economic growth to drive new jobs and higher paychecks. Following its passage, workers reaped the benefits of a more competitive corporate tax system. Real median household income **increased** by \$6,160 in 2018 and 2019 – more than in the previous 10 years combined. In particular, many historically disadvantaged groups benefited from the strong economy. The **unemployment rates** for African Americans (5.3%), Hispanics (3.9%), and those with less than a high school education (4.8%) fell to the lowest levels since these data were first recorded.

MYTH

The TCJA Rewards
Companies That
Offshore Jobs

FACT

The reduction of the corporate tax rate – along with other key provisions – **boosted** domestic investment by 20% for the average company and brought back \$2.5 trillion in overseas earnings. The 2017 law effectively **halted** the alarming trend of companies relocating abroad for more favorable tax regimes. Since the passage of the legislation, there have been zero tax-motivated corporate expatriations – keeping jobs and revenue in the U.S.

MYTH

The TCJA Failed To
Help The U.S. Economy

FACT

The TCJA played a significant role in boosting the U.S. economy. By reducing the corporate tax rate from 35% to 21% and accelerating capital cost recovery, the TCJA helped drive an economic boom. The nation's Gross Domestic Product (GDP) exceeded expectations, surpassing Congressional Budget Office forecasts by a full percentage point. Additionally, each dollar of corporate tax reduction has been estimated to **generate** an additional \$0.44 in output, highlighting the positive impact of the TCJA on economic growth.

MYTH

The TCJA Failed
To Create Jobs

FACT

The TCJA delivered a modern and pro-growth tax system that increased the demand for workers. Following its passage, manufacturing jobs – which had been disappearing in the country – reached the highest level in two decades. Moreover, **real wages** rose by 4.9% – the fastest two-year growth in decades – and unemployment reached record lows. By the end of 2025, the legislation is **projected** to generate 1,443,000 full-time equivalent jobs.

MYTH

The TCJA Caused
The U.S. Budget Deficit

FACT

The federal deficit is primarily driven by spending, not the TCJA. More than 80% of the tax cuts in the TCJA were offset by base broadeners for a net tax cut of about \$330 billion. More than three quarters of the [estimated cost](#) of the TCJA was attributable to net tax cuts for individuals. According to the [Congressional Budget Office](#), it is the rising outlays – not a lack of revenue – that are the main contributors to the deficit. Repealing the TCJA would not significantly alter the trajectory of increasing federal deficits. In fact, one [analysis](#) found that even if the TCJA's tax cuts were made permanent, they would account for only about 16% of the projected, non-pandemic-related budget deficit from 2021 to 2030. This indicates that other factors, particularly spending, play a far more substantial role in the growing deficit.

MYTH

The TCJA's Corporate
Tax Rate Cut
Was Excessive

FACT

The combined federal and state statutory corporate tax rate currently is 25.6% – still nearly 2 percentage points higher than the average for [Organization for Economic Co-operation and Development \(OECD\)](#) member countries. Any attempt by lawmakers to increase the corporate tax rate and make companies pay their “fair share” is economically misguided as U.S. corporations already fund 80% of the revenue cost of the lower rate through tax reforms and give-backs in the TCJA.

MYTH

The TCJA Only Benefited
Wall Street, Not Main
Street Businesses

FACT

The TCJA enacted long-overdue reforms that helped small- to medium-sized businesses become more competitive. For example, the TCJA allowed the owners of pass-through businesses – such as sole proprietorships, partnerships, and S corporations – to deduct 20% of their qualified business income from individual federal income taxes. The TCJA took nearly 4 million taxpayers (nearly 90%) off the complex alternative minimum tax, which completely denies the deduction for state and local taxes.

MYTH

The TCJA's Changes
To Itemized Deductions
Hurt Taxpayers

FACT

Over the years, the U.S. tax code has grown increasingly more [complex](#), which has made compliance costly for taxpayers. The TCJA made filing taxes easier for all Americans. The legislation [implemented](#) changes to itemized deductions, but simultaneously nearly doubled the standard deductions for single and joint filers in 2018, from \$6,500 to \$12,000 and \$13,000 to \$24,000, respectively. The TCJA took nearly 4 million taxpayers (nearly 90%) off the complex alternative minimum tax, which completely denies the deduction for state and local taxes.