# The GOP Tax Reform Bill Now Ready for Trump's Signature


Without a single Democrat vote in either the House or the Senate, the tax reform bill headed for President Donald Trump's desk on Wednesday is likely to cost them dearly in the midterm elections. That is, if the bill works as intended: giving Americans "more take home pay" as the president expressed it, adding. "It will be an incredible Christmas gift for hardworking Americans."

Most of those hardworking Americans won't see a thing until they receive their February paychecks. It will take that long for tax-writing software companies to provide the updated calculation machinery to business owners and corporations to be effective on January 1. At that time, Americans will remember the tax reform bill, and if Republicans are correct, they will continue to remember right up until the mid-term elections next November. By that time, the other reductions and simplifications will have begun to kick in, extending economic growth well into 2018, and beyond.

On the other hand, if the tax reform bill doesn't work as advertised — if taxpayers are unimpressed with their new higher paychecks enough to spend some of it, or if those with accumulated wealth refuse to make new investments because of lower breakeven points thanks to lower tax rates — then the albatross will be hung instead around the necks of Republicans who made those promises.

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Details are available elsewhere but according to the Tax Policy Center — touted as "nonpartisan" — starting in 2018, taxpayers earning less than $25,000 would receive an average tax cut of $60, while those earning between $49,000 and $86,000 would get an average tax cut of $900. Those earning between $308,000 and $733,000 would enjoy a tax cut of $13,500 while those earning more than $733,000 would keep $51,000 more of their money that would otherwise wind up going to Washington.

This writer expresses it this way, as most liberal commentators with an anti-Trump, anti-Republican, anti-growth agenda are calling these tax cuts for the wealthy a "giveaway" that unfairly favors them. One must remember that most of "the rich" got wealthy the hard way: by taking risks in the hopes that their hard work and their money would create a product or a service that their customers would need and would be willing to pay for. One must remember also that, if they succeed, they wind up being unfairly punished by the present "progressive" tax code that forces them to carry an enormously outsized portion of the federal budget on their shoulders. The "fairness" comes from allowing them under the new bill to pay a little less and to keep a little more.

The final plan lowers the top tax rate from 39.6 percent for married couples earning over $470,000 a year to 37 percent if they earn $600,000 a year or more. The final plan also drops the corporate tax rate precipitously — the largest single drop in that rate in American history — from 35 percent to 21 percent.

Deductions for state, local, and property taxes paid starting in 2018 will be allowed, up to $10,000, offset by a doubling of the standard deduction (personal exemptions are scrapped under the new law) from $12,000 to $24,000. Working class families will get a bigger child tax credit, $2,000 per child starting next year, up from $1,000 at present. Working class families who don't earn enough to pay taxes will still receive a "refund" of that child tax credit of $1,400, up from the present $1,000.

The ObamaCare mandate — federally enforced punishment for not buying health insurance — disappears in 2019, which liberals decry as stopping individuals from having health insurance. In reality it will reflect an increase in personal freedom from federal punishment, and penalties, and allow the individuals making the money to spend more of it according to their own tastes and desires. Liberals claim various studies say that up to 13 million people will be forced to "go naked" — without federally mandated health insurance — by 2027, while those imbued with even a modest amount of common sense will see that, if those studies are correct, 13 million people will be enjoying more freedom from government oppression and decisions made by others who think they know better how a person should spend his money than the one who earns it.

Small business owners will likely see lower tax bills starting in 2018 but under a different set of rules: 20 percent of their otherwise taxable income from their businesses — sole proprietorships, partnerships, limited liability companies or Subchapter S corporations — will be exempt from federal tax altogether.

Some things won't change, including the deductibility of interest on student loans, and graduate student tuition waivers won't be taxed. There's even a slight enhancement for medical expense deductions for those unfortunate enough to have run up substantial medical bills next year or the years after.

Retirement plans, such as 401(k) plans and others, remain in place, untouched and still tax-favored as they are under current law.

Mortgage interest deductions will remain in place for the vast majority of homeowners, who buy modestly priced homes financed with mortgages. Only high-end buyers will see some part of those mortgage interest deductions reduced, but only if they borrow massively to buy their McMansions.

In the short run, the average American worker is likely to see a larger net paycheck starting in February, while the break-even point for new ventures being considered by those with investment capital will be reduced by enough to make many more of them attractive. Under the old law, new ventures had to meet a very high standard of expected profitability before they drew sufficient risk capital to them to make them viable. That landscape changes significantly under the new law, and those newly viable ventures ought to be kicking in just about in time for next November's mid-term elections.

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