Senate tax plan will raise taxes for half of Americans

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According to a study conducted by the Tax Policy Center, a joint operation of the Urban Institute and Brookings Institution, the Senate Republican Party tax plan will increase taxes on 50 percent of Americans by 2027.

Under the Senate bill, 9 percent of taxpayers will pay higher taxes in 2019, compared to the taxes paid under current tax law. However, by 2027 the proportion of taxpayers paying higher taxes will increase to 50 percent. This is largely due to the fact that the act's personal tax cuts expire in 2026.

Furthermore, the study found that the bill will reduce taxes on average for all income groups in both 2019 and 2025, but low-income households will get smaller tax breaks than others. According to the analysis, higher income households will receive larger tax cuts as a percentage of after-tax income, with the largest cuts going to households in the 95th to 99th percentiles of income distribution.

In 2019, individuals earning less than $25,000 will get an average $50 tax reduction, equal to 0.3 percent of their after-tax income. Middle-income taxpayers will receive an average cut of $850, while those making at least $746,000 will get an average cut of $34,000, or 2.2 percent of their after-tax income.

The Tax Policy Center also released an analysis of the bill passed by the House last week. The study found that the bill will increase US gross domestic product by 0.6 percent in 2018, 0.3 percent in 2027, and 0.2 percent in 2037. The bill is expected to generate an additional $169 billion in additional revenue within the next decade. This contradicts claims that the legislation would produce $1.5 trillion, as proposed by Congress' Joint Committee on Taxation.

During a Cabinet meeting on Monday, President Donald Trump promised a "huge" tax overhaul by Christmas. "We're going to give the American people a huge tax cut for Christmas," he stated. However, the tax plans being pushed through Congress would continue a massive transfer of wealth from the working class to the corporate and financial elite.

The bill passed by the House would reduce corporate tax rates to their lowest rate since 1939, from 35 to 20 percent, generating additional corporate revenues of $6.7 trillion by 2037. The personal income tax rate for the wealthiest individuals would fall from 39.6 percent to 35 percent. The estate tax would be abolished, and the rate at which business owners are taxed on money recorded as "pass through" income would be slashed to 25 percent.

The tax plan also spells disaster for millions of youth, as it would increase the cost of attending college by $65 billion over the next 10 years, according to an estimate by the American Council on Education. It also repeals the tax deduction for interest payments on student loans, which provides up to $625 a year in savings for student loan borrowers making less than $65,000, or married couples making less than $130,000.

If the final bill is passed by both houses in Congress, the Center for Budget and Policy Priorities estimates that half of the tax cuts will go to the top 1 percent of households, those making more than $700,000 a year. The top 0.1 percent will receive up to 30 percent of total tax cuts.

Last week, Congress sent a $700 billion military budget to the White House. The working class is continuously told there is no money for social programs, but there exists plenty for imperialist conquest and enriching the financial elite.

The United States has the highest level of social inequality within the developed world. Three

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billionaires own more wealth than half the population. The tax plans being pushed by Congress will only widen the gap between rich and poor. They will also create the conditions for an intensification of the assault on social programs such as Medicaid and Social Security.

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