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CONTRARY TO WASHINGTON TAX-RAISERS, THE U.S. TAX CODE IS DEFINITELY PROGRESSIVE!

A new report by the nonpartisan Washington-based Tax foundation disproves the charge by Washington Democrats that that wealthy Americans pay little taxes.

“As Congress considers several tax proposals designed to raise taxes on high-income earners, it’s worth considering the distribution of the existing tax code. While the image that rich Americans pay little taxes is popular, it’s a misconception: high-income individuals already pay a large share of taxes, even when compared to their share of national income,” reports the foundation’s Alex Muresianu.

The data and analysis from the preeminent nonpartisan governmental research organizations confirms this pattern.

Also, Congressional Budget Office (CBO) released its annual Distribution of Household Income report, this year relying on data from 2018. The data show that top-earning households pay substantial federal taxes. While the top 1 percent of earners took home 18.3 percent of market income in 2018, they paid 25.9 percent of all federal taxes; by the same token, the top 20 percent of earners received 59.1 percent of market income yet paid 68.9 percent of federal taxes.

According to the U.S. Treasury Department, the top 1 percent under current law will pay the highest average effective tax rate, when considering all federal taxes. This difference is largely due to the significant progressivity of the individual income tax: the bottom 40 percent of taxpayers on average pay negative effective personal income tax.

The foundation concludes, “Of course, some people will argue that even if the tax code is currently progressive, it should be even more progressive. But they should not dispute the fact that the wealthy pay a larger share of federal taxes than they earn of national income.”

Source: <https://taxfoundation.org/us-tax-system-progressive/>