

We've Cut Taxes. It's Time to Extend the Cuts & Simplify the Tax Code.

By: *Elaine Parker*

Tax season is upon us and millions of Americans are beginning the loathed process of filing their tax forms — a circumstance that usually plagues large swaths of the population with seasonal depression. However, this year, there's a silver lining.

Thanks to the passage of the Tax Cuts and Jobs Act, millions of Americans experienced tax savings over the course of 2018. Because of updated withholding tables — a result of tax rate decreases, higher standard deductions and larger tax credits — 80 percent of households were able to keep more of their own money last year.

It's important to note that because savings from the tax cuts were designed to be spread out evenly throughout the year, it's likely tax refund checks could be more modest compared to previous years. The savings will instead be seen by comparing federal government tax withholdings from 2018 to those of 2017. The average family of four is estimated to have saved nearly \$3,000 because of the new tax code. And for individuals, the savings are roughly half that.

And just as the benefits for individuals have been extensive, the impacts on the broader economy have been profound as well.

Since the tax cuts legislation went into effect at the beginning of 2018, roughly 2.8 million jobs have been created and wages have increased by 3.2 percent. Interestingly, wage levels for non-supervisory employees — commonly perceived as “blue collar” workers — have been outpacing the wage growth of their superiors. This means the rising economic tide is lifting all boats.

Additionally, small business entrepreneurs — who are often thought of to as the backbone of the economy — have specifically flourished because of the tax cuts. New measures in the tax code that are intended to help out small businesses have encouraged job creation and promoted business expansion on a mass scale.

Dina Rubio, a restaurant owner and member of the Job Creators Network, provides a great example. She, along with her husband, have used the tax cut savings to renovate and make improvements to their restaurant, steps which

will enrich the customer experience and entice new visitors. Moreover, they were able to hire more people and give pay raises to key employees — all possible because of the tax cuts.

And a story out of Somerset, Pennsylvania is another instructive example. Guy Berkebile, owner of Guy Chemical, was able to use the financial savings from the Tax Cuts and Jobs Act to distribute employee bonuses, open up a new facility, hire new team members and invest in more capital equipment.

There are many more small business entrepreneurs like Dina and Guy who have converted this good public policy into tangible progress for the economy, employees and customers. Officials in Washington should make it a priority to ensure that similar stories are able to unfold for years to come.

A good first step would be to prolong the measures in the Tax Cuts and Jobs Act beyond the scheduled expiration date of 2025. Guaranteeing the tax relief will extend well into the future will allow small businesses to better plan investments and also grant individuals more peace of mind about their own financial security.

Beyond simply extending the measures in the tax cuts law, the larger tax code could be simplified. The current tax law spans more than 6,500 pages with an additional 60,000 pages of associated case law. This requires Americans to spend nearly nine billion hours every year addressing it. For many small businesses, this means hiring an army of accountants and tax lawyers to ensure compliance — a costly and time-consuming process. Eliminating some of the complexity is yet another way to lighten the tax burden on small businesses and individuals alike.

This tax filing season, Americans will be better able to grasp the financial gift they've received as a result of the Tax Cuts and Jobs Act. But just as with most things, there's always room for improvement.

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