

The **TAX CUTS & JOBS ACT**

TAXPAYER EXAMPLES:

HOW THE TAX CUTS AND JOBS ACT HELPS AMERICANS OF ALL WALKS OF LIFE

Family of Four Making \$59,000 Per Year

- ▶ Steve and Melinda have two children in middle school and are living secure middle-class life – but budgets are tight. With tax reform, they'll get some much-needed breathing room financially.
- ▶ As a result of lower tax rates, a significantly larger standard deduction, and an enhanced Child Tax Credit and Family Flexibility Credit, Steve and Melinda will pay **over \$1,182 less in taxes** than last year, reducing their total tax bill from \$1,582 to only \$400. That's more money they can use for whatever is important to them, whether it's paying bills, purchasing a new refrigerator, or putting away savings for the future.

Single Mother Making \$30,000 Per Year

- ▶ Cindy has a fulfilling job and a promising career path as an assistant manager at a local restaurant. She works hard to support herself and her 11-year-old daughter, but most days Cindy feels like she's barely getting by much less getting ahead. With the Tax Cuts and Jobs Act, relief is in sight.
- ▶ Come Tax Day, Cindy will receive a tax refund of over \$1,000 as a result of the bill's lower tax rates, larger Child Tax Credit, and Family Flexibility Credit. This is **over \$700 larger than the refund she receives today**, offering a more meaningful reward for her hard work as she raises her daughter and pursues her own professional aspirations.

Firefighter Making \$48,000 Per Year

- ▶ Alan is a young firefighter in the community he has called home his entire life. He enjoys the job and has chosen it as his profession just like his father and grandfather did before him. The Tax Cuts and Jobs Act will allow him to see even greater reward for his hard and selfless work.
- ▶ Under this legislation, Alan will pay a top marginal tax rate of just 12% instead of the 25% top rate he pays today. Additionally, he'll see nearly double the amount of his paycheck protected from taxes because the bill significantly increases the individual standard deduction from \$6,350 today to \$12,000. In the end, Alan will see his total tax bill go down from \$5,173 currently to just \$3,872 – **a total tax cut of \$1,301.**

New Homeowners Making \$115,000 Per Year in a High Tax State

- ▶ John and Rebecca got married this past summer and just bought their first home. Today, they make a combined income of \$115,000. They will pay \$8,400 in mortgage interest and \$6,900 in state and local property taxes. John and Rebecca would like to have children, but they're not sure if now is the right time financially. Under the Tax Cuts and Jobs Act, they'll receive more support now and into the future.
- ▶ The bill reduces their tax bill from \$12,180 to \$11,050 – **a total tax cut of \$1,130**. This results from lower tax rates, a significantly larger standard deduction, and the addition of the new Family Flexibility Credit. With these benefits, John and Rebecca will also see tax relief for both their mortgage interest and state and local property taxes – all without having to itemize deductions.
- ▶ Finally, if John and Rebecca do have a child, they would be able to claim an increased Child Tax Credit of \$1,600 – up from just \$1,000 today – reducing their taxes even further so they can keep more money to support their new family.

Local Small Business Making \$500,000 in Income

- ▶ When Glenda was a teenager she started her own little lawn care business, mowing the yards of her neighbors during the spring and summer months. Sixteen years later, “Glenda’s Gardening and Landscape” has 41 workers, serves three counties in the area, and is expected to earn \$500,000 in net income this year. Under today’s broken tax code, where small business income is taxed at individual rates, Glenda and her husband will personally be taxed on everything earned by the company. That means paying taxes at individual wage rates, with an income tax bill of about \$128,000.
- ▶ With the Tax Cuts and Jobs Act, Glenda, her family, and her business will see some much-needed tax relief. Her net business income will be taxed at a low maximum rate of 25%, which in combination with no Alternative Minimum Tax (AMT) will **reduce her tax bill by about \$25,000**. This will allow her to use this hard-earned money to grow the business further, create more jobs, and give her loyal workers a raise.

Main Street Startup Company Making \$62,000 in Income

- ▶ Tom always dreamed of opening his own bakery. Two years ago, he went for it and opened up “Tom’s Treats.” Business has been slow but steady and this year he expects the bakery to earn roughly \$62,000 in net income.
- ▶ Under today’s tax code, he will pay \$8,638 in taxes. But, with the Tax Cuts and Jobs Act, Tom will see his tax bill go down to \$5,631 – **a tax cut of \$3,007** as a result of the bill’s tax relief for small businesses that file as individuals. That’s a significant and sustained boost to help Tom through the ups and downs of owning a business, managing a payroll, and making his own American dream a reality.