COMMITTEE ON
WAYS & MEANS
REPUBLICANS

The Pinocchio Six:

Myths, Lies & Debunked Claims About Taxes

1. False: Biden: "All of [GOP Tax Cuts] went to folks at the top and corporations that pay no taxes."

- The *Washington Post* fact check gave this "4 Pinocchios," saying this is "simply wrong" and "clearly false."
- Three of every four dollars in the 2017 tax cuts went to individuals, cutting taxes for the lowest-income Americans by 10% while cutting taxes for the top 1% by less than one-half of 1%.
- In the 2017 GOP tax reform, corporations effectively paid for 85% of their tax cuts thanks to eliminating special tax provisions and broadening the U.S. tax base.

2. Myth: "The wealthy don't pay their 'fair share.'"

- America has long had one of the most progressive tax codes among developed nations, with higher-income people paying higher tax rates, says the Organization for Economic Cooperation & Development (OECD).
- The top 1% pay 40% of all income taxes, and the top 10% pays 70% of all income taxes, according to the *Tax Foundation.*
- After the GOP Tax Cuts, the rich pay a larger, not smaller, share of income taxes.

3. False: "83% of Tax Cuts and Jobs Act (TCJA) tax cuts went to top 1%."

- The *Washington Post* gave this false statement "3 Pinocchios," calling it a "zombie claim" and "galling." *Politifact* agreed, calling it "misleading."

4. False: "Corporate tax receipts declined by 40% after GOP Tax Cuts."

- Like government revenue that reached record levels in the two years after GOP tax reform, corporate tax receipts are higher and growing after TCJA, despite Democrats' claims.
- Corporate tax revenues this year are $285 billion, 22% *higher* than the Obama-Biden Admin's last year.
- The Congressional Budget Office projects corporate tax revenues under TCJA will increase to $379 billion in 2023 – *a record high.*
- Biden's own budget scorers project U.S. corporate tax revenues under TCJA will reach 1.63% of GDP by 2025, higher than the 1.55% average in the decade before the GOP tax cuts.

5. Myth: "55 profitable U.S. corporations paid no taxes last year."

- This is an unverifiable claim by a far-left group (ITEP) using flawed methodology. It is *not based on actual tax data*—taxpayer data is private and most 2020 tax corporate returns have yet to be filed.
- This group confuses the difference between taxable income and financial statement reports.
- Similar reports that U.S. multinational corporations only pay very low tax rates on their earnings overseas are flawed either by double-counting, faulty methodology, or cherry-picked data.

6. Myth: "The Death Tax only impacts two of every 1,000 taxpayers who die."

- No American should work their whole life to build up a family-owned farm or business, only to have Washington swoop in and take nearly half of what you spent a lifetime to build.
- Those hurt by the Death Tax also include millions of farms and other family businesses who are forced to waste precious time and money to avoid a mistake that will result in a confiscatory tax bill from the IRS.
- The Death Tax crushes investment in workers & expanded operations, harms growth & opportunity.
- The Death Tax ranks as a devastatingly inefficient tax since it raises a very small amount of revenue while placing a very large burden on farms and other family businesses. In fact, the Cato Institute says the Death Tax "is anti-saving and anti-investment," encourages "wealthy folks to consume their wealth before death," and does nothing for U.S. long-term growth.
- A growing number of women- and minority-owned businesses are finding themselves subject to the Death Tax as they try to build wealth for the first time and pass it on to the next generation.