

Corporate Income Tax Revenue Is Up, Despite Claims to the Contrary

New estimates from the Congressional Budget Office show that government revenues are booming, including revenues from corporate income taxes. As [reported by the Wall Street Journal](#), “Actual corporate income tax revenue in 2021 was \$372 billion—nearly as much at a 21% rate as CBO expected at the 35% rate that was among the highest in the world. Fiscal 2022 is turning out to be even better for the Treasury. Corporate tax revenue for the first six months was up 22% from a year earlier to \$127 billion. William McBride of the Tax Foundation estimates that if the pace of the first half continues, corporate tax revenue will hit a new record of \$454 billion in fiscal 2022.”

Despite claims that the 2017 Tax Cuts and Jobs Act was a giveaway to corporations and would drain federal revenues, the opposite has happened. Also from the Wall Street Journal: “Big business supposedly got a windfall and government was robbed. It hasn’t turned out that way. Corporate tax revenue declined in the immediate wake of reform as the rates fell. But the big news now is that more corporate tax revenue is flowing into the Treasury at record levels even with the lower rate.”

Even with these gains coming into federal government coffers, the left continues to clamor about corporations and the wealthy not paying an undefined “fair share” of taxes. Senate Majority Leader Schumer has said that “if you want to get rid of inflation, the only way to do it is to undo a lot of the Trump tax cuts and raise rates.” In the name of deficit reduction, Senator Joe Manchin remains open to considering a corporate rate increase to 25%, although revenues seem to indicate the federal government does not need more money. In recent research for Winning the Issues (February 15-16), we looked at a corporate rate increase to 25% that Senator Manchin is considering. As a standalone proposal, there is some openness to raising the corporate tax rate to 25% (46-34 favor-oppose), but with support not reaching 50%. Among independents, there is a similar reaction as we saw among the overall electorate — soft support but not a majority (46-33).

Would you favor or oppose the following proposal? (Favor-oppose)	Overall	GOP	Indep	Dem
Raising the corporate tax rate from 21% to 25%	46-34	31-48	46-33	60-22

However voters are wary of the impact a tax increase would have on inflation. About 1 out of 2 (49%) said a tax hike would increase inflation rather than decrease (10%) or have no impact (20%). The same outlook is true among independents (46% increase, 9% decrease, 19% no impact,) and employed workers (51% increase, 12% decrease, 21% no impact).

What impact do you think a tax increase would have on inflation?	Overall	Indep	Employed
It would increase inflation	49	46	51
It would have no impact on inflation	20	19	21
It would decrease inflation	10	9	12

With revenue intake being one of the few areas in the federal government trending in the right direction, why wouldn’t Washington try to keep a good thing going?

Have a good week.

David & Myra