

Macro Roundup Article

Headline: [Trump's Tax Cut Fueled Investment but Did Not Pay for Itself, Study Finds](#)

Article Link: <https://www.nytimes.com/2024/03/04/us/politics/trump-corporate-tax-cut.html>

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Summary: The researchers drew on anonymous data from 12,000 corporate tax returns from before and after the law passed, along with a new model of global investment behavior, to estimate how the law's corporate provisions influenced businesses. They found corporations that benefited from the law increased investment significantly more than those that did not. Both the reduction in the corporate tax rate and the ability to immediately write off all domestic investments spurred more investment. But the researchers found that immediate expensing was a far more efficient incentive and came at a lower cost to taxpayers. That's because it rewarded firms for making new investments instead of reducing their taxes on profits earned from investments made long ago. "It has a bigger bang for the buck," Mr. Zwick said. Related: Tax Policy and Investment in a Global Economy and End of an Era: The Coming Long-Run Slowdown in Corporate Profit Growth and Stock Returns and The Curious Incident of the Elevated Profit Margins

Primary Topic: Investment

Topics: Fiscal Policy, Investment, News article, Productivity, Taxation

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