

Macro Roundup Article

Headline: [Who Pays Corporate Taxes? Look in the Mirror](#)

Article Link: https://www.wsj.com/articles/who-pays-corporate-taxes-look-in-the-mirror-economy-cbaef540?mod=opinion_lead_pos5

Author(s)	Phil Gramm and Mike Solon
Publication	Wall Street Journal
Publication Date	April 24, 2024

Tweet: Phil Gramm and Mike Solon defend the TCJA corporate tax cuts by highlighting that customers, employees, and investors ultimately pay corporate taxes.

Summary: Corporate tax rates, which were the driving force behind the permanent part of the 2017 tax cuts, receive less attention than individual income-tax rates only because Americans don't understand that corporations don't pay taxes. A corporate entity is a "pass through" legal structure—a piece of paper in a Delaware filing cabinet. When the corporate tax rate increases, corporations try to pass the cost on to consumers. To the degree that the entire cost of the tax increase can't be passed on to consumers, those costs are borne by employees and investors. Most economic studies conclude that 50% to 70% of a corporate tax increase not passed on in higher prices is borne by workers, while 30% to 50% is borne by investors. Who owns American corporations? According to Tax Notes, 72% of the value of all domestically held stocks is owned by pension plans, 401(k)s, individual retirement accounts and charitable organizations, or held by life insurance companies to fund annuities and death benefits. Related: Tax Policy and Investment in a Global Economy and Who Gains from Corporate Tax Cuts? and End of an Era: The Coming Long-Run Slowdown in Corporate Profit Growth and Stock Returns

Primary Topic: Taxation

Topics: Database, Fiscal Policy, Op-Ed/Blog Post, Politics, Taxation

Permalink: <https://www.edwardconard.com/macro-roundup/phil-gramm-and-mike-solon-defend-the-tcja-corporate-tax-cuts-by-highlighting-that-customers-employees-and-investors-ultimately-pay-corporate-taxes?view=detail>

Featured Image

Link: <https://www.edwardconard.com/wp-content/uploads/2024/04/Gramm-TCJA.png>