Trump, flanked by Republican lawmakers, speaks about the passing of tax reform legislation on the South Lawn of the White House in Washington, DC, on Wednesday. AFP photo

Key numbers in US tax revamp

UNITED STATES
Washington DC

President Donald Trump scored a major political victory as the US Congress prepared a Republican tax overhaul.

It is a controversial plan that Trump's party insists will provide tangible benefits for most American families and businesses and give the economy a shot in the arm.

Democrats say the plan is a giveaway to the wealthy and no lawmaker in the opposition minority is publicly supporting the legislation.

Here are five numbers that help explain the Tax Cuts and Jobs Act, which Trump aims to sign into law by Christmas.

Twenty one percent

The tax rate for US corporations under the new plan. Trump has argued that the current US business tax rate, 35%, is the highest in the developed world, and that cutting the rate substantially would make America more competitive globally.

Earlier versions of the bill lowered the corporate rate to 20%, but it was bumped to 21, in order to help defray the plan's high costs.

$1.456 trillion

The amount that the bill will add to the national debt between 2018 and 2027.

Even accounting for increased economic growth brought about by the tax overhaul, an approach known as dynamic scoring, the Joint Committee on Taxation projects the bill will cost about $1 trillion over the next decade.

$2,059

The tax savings for a typical family of four earning $73,000 in 2018 under the new law, according to House Speaker Paul Ryan.

Democrats say wealthy Americans are slated to save dramatically more, while millions of working-class and middle-income families could eventually be hit with a tax hike.

According to the Tax Policy Center, more than half of taxpayers would pay more in 2027 than under the current law.

2026

The year that most tax cut provisions for individuals expire under the new law. Sunsetting those provisions could save more than $300 billion. Democrats are angry because while the individual rate cuts are temporary, the corporate rate drop and the international tax rules, will be made permanent.

Thirty seven percent

The new highest tax rate for wealthy Americans.

In 11th hour closed-door talks, House and Senate negotiators agreed to reduce the top individual rate to well below the 39.6% in the House bill (and the rate under current law), and even below the 38.5% sought in the Senate version, providing a bigger boon to the rich.

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