

Joint Economic Committee

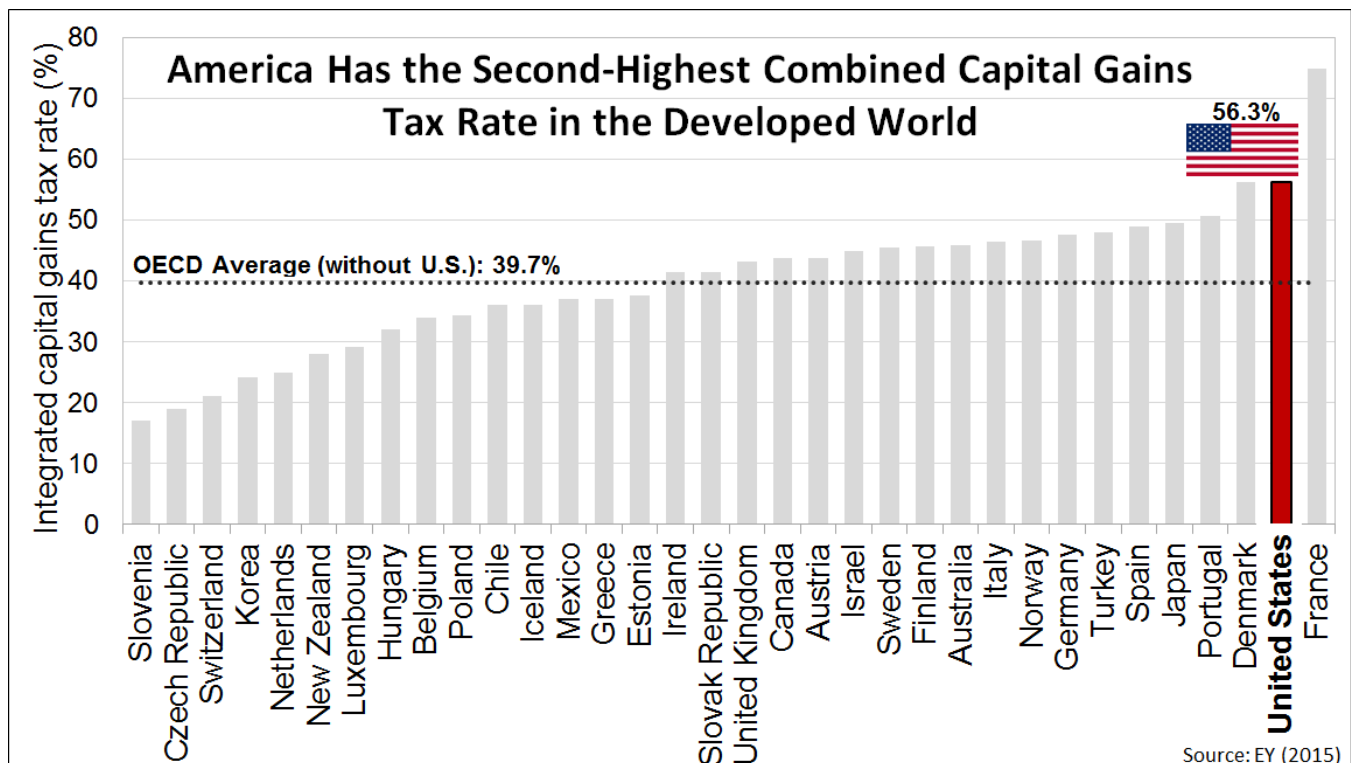
Representative Pat Tiberi, Chairman

Senator Mike Lee, Vice-Chairman

April 13, 2017

Ten Reasons to Reform the Tax Code

REASON #8: High capital gains taxes hurt job creation, pay raises, and economic growth.



Uncompetitive double tax. During the Obama administration, the top tax rate on capital gains and dividends surged from [15 percent to 23.8 percent](#), including Obamacare taxes. While this rate appears lower than rates that apply to ordinary income, capital gains face other layers of taxation, including [corporate taxes paid on stock](#), the effects of [inflation](#), or both. When [all federal and state taxes](#) on capital gains are included, the United States has the second-highest combined capital gains rate in the developed world at [56.3 percent](#), making investments in American employers less attractive.

Economic damage. By lowering the return on investment and reducing capital formation, high capital gains taxes hurt American households through:

- [Lower wages](#) that result from less productivity;
- [Fewer entrepreneurs and jobs](#) (an average of [6 jobs](#) are created by each startup); and
- [Less economic growth](#) and opportunity.

Tax reform should reduce the burden of capital gains double taxation to boost wages, jobs and opportunity for American workers.

To be continued...