

# Race, Wealth and Taxes:

## How the Tax Cuts and Jobs Act Supercharges the Racial Wealth Divide

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At its core, the U.S. tax code is more than a tool the government uses to collect revenue, distribute refunds and fund essential public operations and programs—it is a statement of our collective priorities as a society and a key means for encouraging the individual and collective behaviors that we value as a people. But because the tax code is designed by imperfect people, it encapsulates both the best and the worst aspects of our society.

At its best, our tax code is one of the most effective vehicles by which our government helps families build wealth and create financial security. It provides incentives for families to save for higher education, retirement or buy a home, and it helps parents meet the cost of raising children and supplements income for low-wage workers.

At its worst, our tax code is a tool that drives income and wealth inequality by targeting benefits to extremely wealthy taxpayers and multi-billion-dollar corporations, while simultaneously allowing these groups to engage in complicated schemes to avoid paying their fair share of taxes. Even more appalling, it is a powerful tool that purposefully or thoughtlessly continues to grow the economic gap between not only the rich and everyone else, but also between White households and households of color, thus further perpetuating a long history of systemic racism that undergirds government policies and American society at large. This unfortunate dynamic has served to boost the wealth and wealth-building potential of White households, while diminishing that of households of color.

Last year, in passing the \$1.9 trillion Tax Cuts and Jobs Act, Congress choose to double down on the worst aspects of our tax code by turbocharging the benefits to the wealthy while leaving very little for families struggling the most in our economy, particularly households of color. While it is widely understood that the Tax Cuts and Jobs Act was constructed to make the rich even more rich, the legislation's effect on the ever-growing racial wealth divide has been largely underreported, if noticed at all.

Because America's wealthiest families are overwhelmingly White, it is inevitable that a tax cut geared to the very top would shower outsized benefits on White households relative to the overall population and households of color. For instance, while 1.2% of White families earn enough to place them among the top 1% percent of earners, just 0.4% of Latino and Black families are members of this group. Put another way, White families are three times more likely than Latino and Black families to be among the nation's top earners. As a result, households of color have been largely excluded from accessing the Tax Cuts and Jobs Act's benefits, leaving them with little support from one of our nation's largest systems for improving the economic outcomes of American households.

Over the course of this paper, we will show how the Tax Cuts and Jobs Act is not all about providing an economic boost to hardworking Americans, as so many in Congress positioned the law as, but rather about creating a tax system that rewards those at the top and that further widens the ever-growing racial wealth divide.

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## Wealth Is the Key to Stability and Prosperity, But Not Everyone Has Access to Wealth—Especially Communities of Color

Wealth provides the protection needed to navigate the unexpected economic shocks that hit so many families in our economy, such as a broken-down car, a lost job or a medical emergency. It is also the capital necessary for families to take advantage of economic opportunities—like buying a home or paying for higher education—that can not only catapult them out of poverty but also allow the next generation to do better.

While many are aware of the crippling effects of income inequality, less attention continues to be paid to its closely connected and towering cousin: wealth inequality. If we are to solve the growing challenge of economic inequality, we cannot lose sight of how vast wealth inequality in America is today.

For example, the Center on Budget and Policy Priorities recently found that while more than 50% all pre-tax income in 2016 went to the top 10% of households, the same group owned nearly 80% of the nation's wealth that year,<sup>1</sup> leaving just over 20% of the nation's wealth to the bottom 90% of households.

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### Income & Wealth Inequality in America



SOURCE | A Guide to Statistics on Historical Trends in Income Inequality, Center on Budget and Policy Priorities

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To put this level of staggering inequality in perspective, consider that today, individuals who make up the exclusive *Forbes* 400 list now own more wealth (\$2.68 trillion) than the bottom 64% of the U.S. population—totaling 204 million people—combined.<sup>2</sup> The combined net worth of the 25 richest Americans on this list now amounts to \$1 trillion—more than the collective wealth owned by the bottom 56% of the U.S. population. Just as staggering, even the price of admission into this elite group has skyrocketed by more than 1,000% over the past three decades, going from \$182 million<sup>3</sup> in 1982 to \$2.1 billion in 2018.<sup>4</sup>

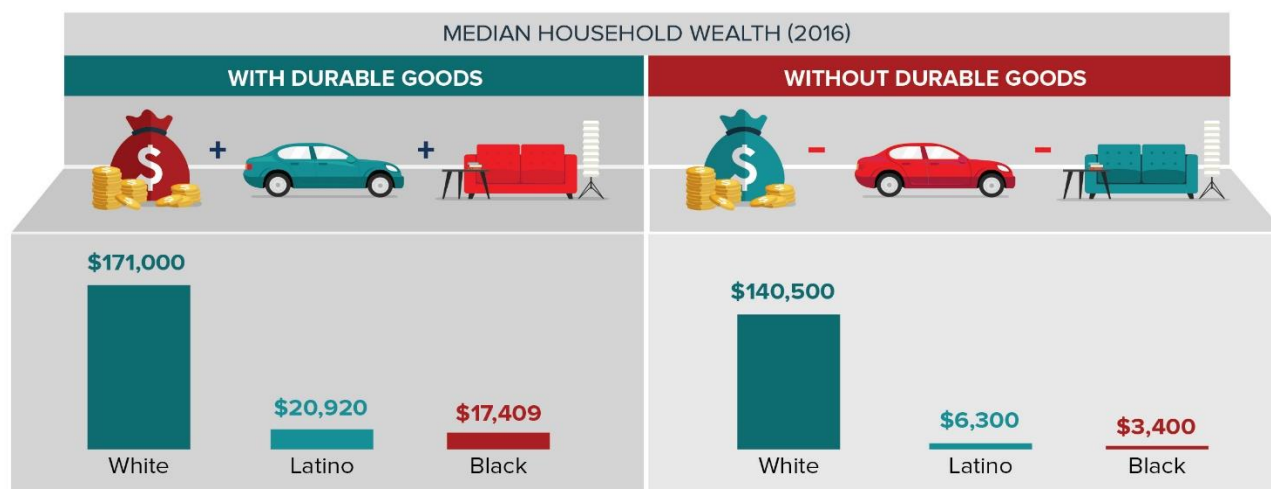
### It Could Take Centuries to Close the Racial Wealth Divide. Why Make It Worse?

As shocking and obscene as overall wealth inequality is in the United States, it is more pronounced among households of color. Today, Black and Latino families have a median net worth of \$17,000 and \$21,000, respectively, which is a fraction of the \$171,000 median net worth of White families.<sup>5</sup> At the same time, the combined median wealth of all other or multiracial households of color amounts to less than half (\$65,000) the total owned by their White counterparts.<sup>6</sup>

Unfortunately, for Black and Latino families, racial wealth inequality becomes even more disturbing when consumer durable goods such as automobiles, electronics and furniture are subtracted, reducing the median wealth each group owns down to just \$3,400 and \$6,300, respectively, compared to \$140,500 for White households.<sup>7</sup>

For these and countless other communities of color, these disparities in wealth come against the backdrop of one of the longest economic expansions in American history: historically low unemployment, a roaring stock market and continued improvements in many housing markets.

## The Racial Wealth Divide in America



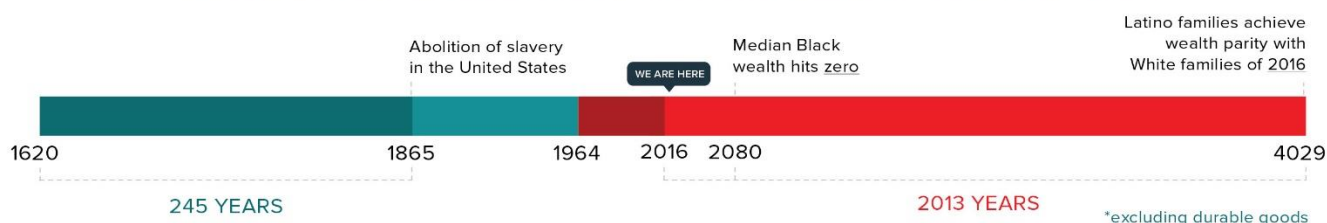
**SOURCE** | 2016 Survey of Consumer Finances, Board of Governors of the Federal Reserve System (wealth with durable goods); *Running in Place: Why the Racial Wealth Divide Keeps Black and Latino Families From Achieving Economic Security* (wealth without durable goods), Prosperity Now

Presently, the racial wealth divide is one of the most perverse and crippling forms of inequality our country faces. This is particularly startling when we realize that if we do nothing to address this growing problem, the trends over the past several decades tell us the future economic outlook for much of tomorrow's population—Black and Latinos families in particular—is bleak.

For example, excluding durable goods and absent major federal policy intervention, current trends tell us that it will take median Latino families over 2,000 years to just match the wealth White households own today. For median Black families, an unaddressed racial wealth divide will leave them with zero wealth during the second half of this century. Essentially, Black families at the median will never “catch up” to their White peers under current circumstances.

## Without Change to the Racial Wealth Divide, “Catching up” to White Wealth Will Be Nearly Impossible for Households of Color

*If median Black and Latino wealth\* grew at the same pace it has over the past thirty-three years.*



**SOURCE** | *Running in Place: Why the Racial Wealth Divide Keeps Black and Latino Families From Achieving Economic Security*, Prosperity Now

As we look ahead to the next several decades when people of color will comprise a majority of America's population,<sup>8</sup> an unaddressed and growing racial wealth divide will inevitably have an impact on our collective economic future.

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## Government Policies Helped Create the Racial Wealth Divide

Pernicious narratives used to explain racial economic divisions are often rooted in the idea that personal agency and individual choices (i.e. marriage, college attainment, spending habits, etc.) are primarily responsible for divergent outcomes. However, the facts tell a different story. Multiple studies have shown that the racial wealth divide persists across all levels of educational attainment and family structures, seriously invalidating this “personal choice” narrative.<sup>9</sup>

The yawning racial wealth divide, much like the rise in overall income inequality, did not occur through random chance or a mass collection of “bad” individual choices. An insidious history of racist federal, state and local policies built over generations catalyzed White wealth, while intentionally depressing the wealth and wealth-building potential of households of color.<sup>10</sup> For example, massive federal investments that ultimately built the post-World War II American middle-class—from the New Deal to the G.I. Bill of 1944—purposely excluded communities of color.<sup>11</sup> Public policies that allowed more people to access education and buy homes helped dramatically grow White households’ wealth over the course of three generations while communities of color were left behind.

Unfortunately, the wealth-building boosts afforded to White households and the roadblocks erected for everyone else did not end in the first half of the 20th century.<sup>12</sup> Today, as discriminatory treatment of communities of color continues to be elevated, addressed and discussed more publicly and privately, these economic boosts and blocks are visible in nearly all aspects of everyday life—including, as we will show next, within the recently enacted Tax Cuts and Jobs Act.

## How the Tax Cuts and Jobs Act Will Make Overall Economic Inequality and Racial Wealth Divide Even Worse

Last year, Congress missed a tremendous opportunity with the Tax Cuts and Jobs Act to help low-income and middle-class families—particularly those of color—build the wealth needed to secure their share of the American Dream. Unfortunately, by spending the majority of the \$1.9 trillion within this law to provide large tax breaks for the wealthy and corporations, Congress continued a long history of enriching the already wealthy, rather than providing the catalytic investments necessary to address rampant economic inequality and the racial wealth divide.

### The Tax Cuts and Jobs Act Adds Unnecessary Fuel to the Growing Problem of Overall Economic Inequality

Using the Institute on Taxation and Economic Policy’s (ITEP) microsimulation model (see the Methodology section for more details), we estimate that of the nearly \$275 billion within the Tax Cuts and Jobs Act in 2018, 72% of these cuts—totaling just under \$200 billion—goes to the top 20% of households (earning \$110,000 or more). In other words, despite the 2017 tax law being framed as necessary for unlocking and boosting the economic outlooks of working families, the law gives the top 20% of the nation’s highest income earning households more than two-and-a-half-times the tax cuts it gives to the bottom 80% of households combined (\$77 billion).

### The Biggest Beneficiaries of The Tax Cuts and Jobs Act? Wealthy Households.

*Share of Tax Cuts from the Tax Cuts and Jobs Act*



SOURCE | Institute on Taxation and Economic Policy's microsimulation model

To put the level of inequality and unfairness of this tax law into perspective, the average yearly income of the richest 1% of households stands at about \$1.8 million. For low-income households, it's about \$13,000, on average. This year, the Tax Cuts

and Jobs Act will give the richest 1% percent of households an average tax cut of just over \$47,000, while low-income households will get an average tax cut of just \$90. That's less than 25 cents per day.

## The Tax Cuts and Jobs Act Leaves Everyone Behind—Except for Those at The Top

Average Tax Benefit from the Tax Cuts and Jobs Act	Households, By Income Group	Daily Benefit from the Tax Cuts and Jobs Act
\$90	 <b>LOW-INCOME HOUSEHOLDS</b> <i>Earning less than \$23,000</i>	 <b>\$0.25</b>
\$1,000	 <b>MIDDLE-CLASS HOUSEHOLDS</b> <i>Earnings between \$40,000–\$110,000</i>	 <b>\$2.75</b>
\$47,650	 <b>RICHEST 1% OF HOUSEHOLDS</b> <i>Earning more than \$590,000</i>	 <b>\$130.55</b>

SOURCE | Institute on Taxation and Economic Policy's microsimulation model

Put differently, in just one day, millionaires and beyond get a larger tax cut from the Tax Cuts and Jobs Act than the poorest families in our country will receive in an entire year.

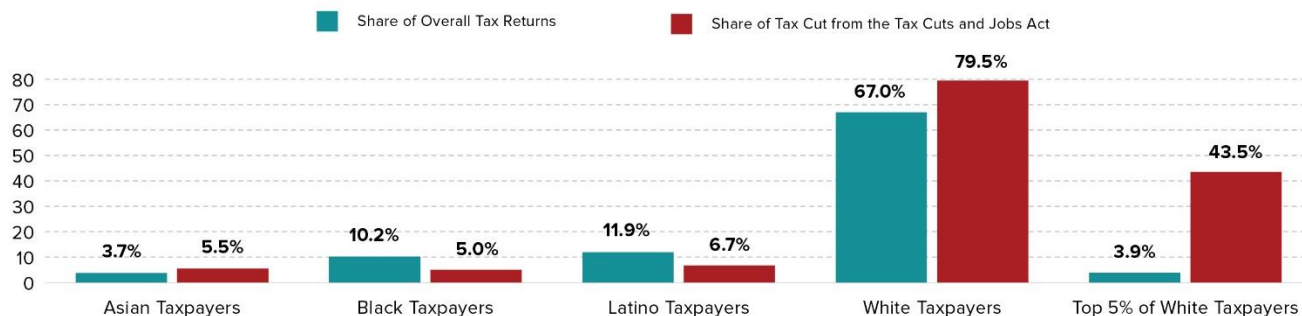
## The Tax Cuts and Jobs Act Dangerously Supercharges the Racial Wealth Divide

When it comes to race, ITEP's microsimulation model shows that out of the nearly \$275 billion within the Tax Cuts and Jobs Act in 2018, nearly 80% of those tax cuts—\$218 billion—go to White households, who make up only 67% of taxpayers.

Unsurprisingly, most of these dollars flow to White taxpayers who fall in the top 5%, earning incomes of \$243,000 or more. Yet, despite this group comprising just 3.9% of all taxpayers—taking in 29% of the total income in the US—they are set to receive almost 44% of the total tax cuts from the 2017 law.

## Communities of Color are Especially Overlooked by the Tax Cuts and Jobs Act

Share of Overall Tax Returns Compared to Share of Total Tax Cuts from the Tax Cuts and Jobs Act

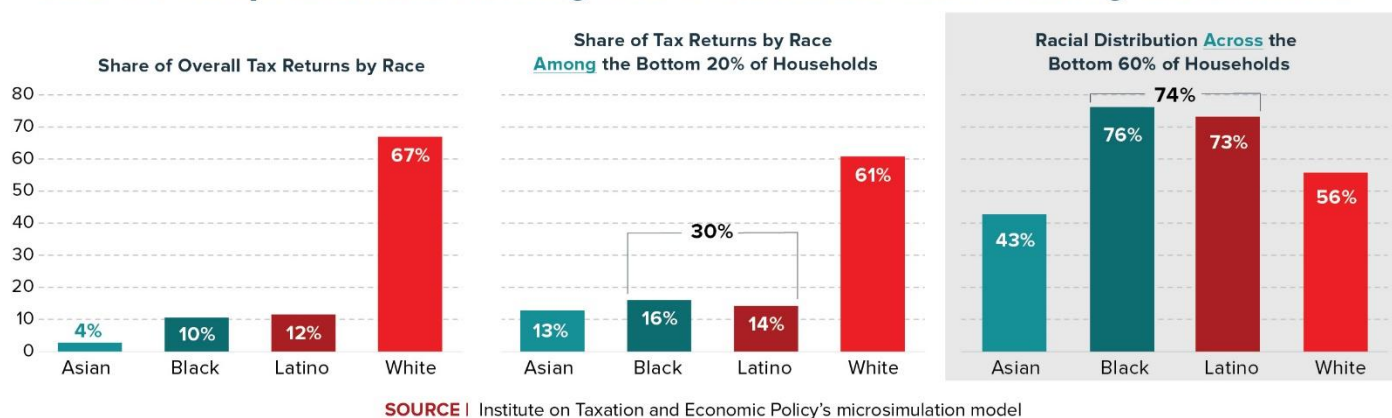


SOURCE | Institute on Taxation and Economic Policy's microsimulation model

Making all this worse, while most low-income families are White, Black and Latino families are overrepresented in this group relative to their share of the national population. Taken together, Black and Latino households account for nearly 30% of the nation's poorest families, despite comprising just 22% of the overall population. 74% percent of Black and Latino households fall in the bottom 60% of taxpayers with incomes of \$65,000 or less. In contrast, just 56% of White households fall in the bottom 60%.

Overall, while low- and moderate-income taxpayers, whether Asian, Black, Latino or White, get a similarly sized tax cut from the Tax Cuts and Jobs Act, the overrepresentation of households of color in the bottom groups is a large reason why the overall average tax cuts for these taxpayers is substantially lower than those received by White households.

## Relative to Their Share of the National Population, Communities of Color Are Overrepresented Among the Bottom Income-Earning Households




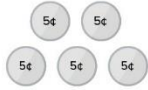



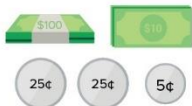
For Black and Latino households, this context is particularly important to understanding why the average tax cut both communities get from the Tax Cuts and Jobs Act in 2018 (\$840 and \$970, respectively) is less than half the size received by White households (\$2020). Moreover, when looking at incomes, it helps to explain why the Tax Cuts and Jobs Act boosted pre-tax income for White households (+2%) much more than it did for Latino (+1.6%) and Black households (+1.5%).

As the next page illustrates, when it comes to households of color—as well as White households—that find themselves in a financially vulnerable situation or have seen their economic circumstances stall in recent years, the Tax Cuts and Jobs Act is neither fair nor generous. This is particularly true for Asian households who fall in the bottom 20%, a group that is most left behind by the 2017 law. On average, this group gets just \$70 a year from the Tax Cuts and Jobs Act—amounting to less than \$0.19 a day.

When it comes to middle-class families<sup>13</sup>—a group that policymakers of both parties have an affinity toward—over the course of a year, we find these families, regardless of race, get \$2.75 a day in benefits from the 2017 tax law, while the richest 1% of households get about \$131 a day. In the end, the choices Congress made last year have left all middle-class families in a position where it would take them close to 50 years just to get the same average tax cut that the richest 1% of households will get in just one year.

Looking beyond the middle-class, racial disparities exist at the highest income levels of the top 1% of households, with White households in this elite group getting about \$144 a day from Tax Cuts and Jobs Act, while similarly positioned Asian, Latino and Black households get between half to a third less in benefits a day.

## How the Tax Cuts and Jobs Acts Distributes its Benefits by Race and Income

Average Tax Benefit from the Tax Cuts and Jobs Act	Households, By Income Group, Race/Ethnicity	Daily Benefit from the Tax Cuts and Jobs Act
\$90	 <b>LOW-INCOME HOUSEHOLDS</b> <i>Earning less than \$23,000</i>	 <b>\$0.25</b>
\$70	Asian	\$0.19
\$90	Black	\$0.25
\$110	Latino	\$0.30
\$90	White	\$0.25
\$1,000	 <b>MIDDLE-CLASS HOUSEHOLDS</b> <i>Earnings between \$40,000–\$110,000</i>	 <b>\$2.75</b>
\$1040	Asian	\$2.85
\$920	Black	\$2.52
\$960	Latino	\$2.63
\$1,020	White	\$2.80
\$47,650	 <b>RICHEST 1% OF HOUSEHOLDS</b> <i>Earning more than \$590,000</i>	 <b>\$130.55</b>
\$35,690	Asian	\$97.78
\$19,290	Black	\$52.85
\$19,850	Latino	\$54.38
\$52,400	White	\$143.56
<b>\$1,710</b>	<b>ALL HOUSEHOLDS</b>	<b>\$4.68</b>
\$2,560	Asian	\$7.01
\$840	Black	\$2.30
\$970	Latino	\$2.66
\$2,020	White	\$5.53

**SOURCE** | Institute on Taxation and Economic Policy's microsimulation model

## The Tax Cuts and Jobs Act Favors Wealth over Work. That Has Big Implications for the Racial Wealth Divide.

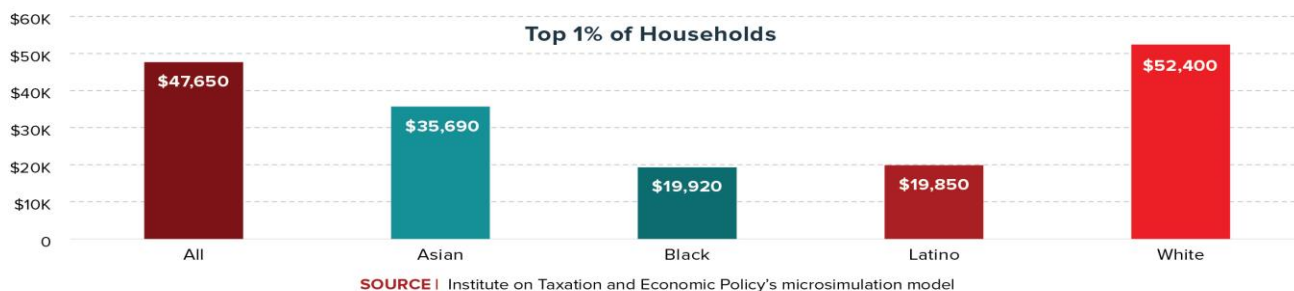
Beyond the fact that households of color are both underrepresented among the top 5% of the nation's wealthiest households and overrepresented among the bottom 60% of households, the racial wealth divide is worsened by the way the new tax law rewards wealth over work. Why? Because central elements of the new law that cut taxes for high-income households—a large rate reduction for corporations that alone loses \$1.3 trillion over next decade, a new tax deduction for pass-through business income and a large cut to the estate tax—all mainly benefit not just income-richer people, but also those with more wealth. Overwhelmingly, as we have shown up to this point, these beneficiaries tend to overwhelmingly be affluent White households.

We should note, however, that the reason behind this skew is not because there are more rich White taxpayers, but because this group has higher average incomes than their Asian, Black and Latino peers, more of which is made up by income earned through business activities, corporate stocks and investments, compared to their affluent peers of color. These types of income are typically taxed at a lower rate to begin with than traditional income from labor.

For elite households of color, who by societal standards have “played by the rules” and have so-called “made-it”, the Tax Cuts and Jobs Act not only treats them differently than their wealthy White counterparts, it also leaves them far behind relative to these households. For example, while the top 1% of all households received an average tax cut of just over \$47,000 per year, the average for White households in the top 1% was more than \$52,000. For Black and Latino households in this same group, their average tax cut from the Tax Cuts and Jobs Act is more than 60% less—\$19,290 and \$19,850, respectively—of what their White peers receive. For Asian households in the top 1%, their average tax cut is about one-third less (\$35,690) than that of their comparable White households.

### The Tax Cuts and Jobs Act Treats Households of Color Who Have “Made-It” Differently Than Their Wealthy White Peers

*Average Tax Cut from the Tax Cuts and Jobs Act*



Families that are not among our nation's highest-income households are likely to be hit twice by the Tax Cuts and Jobs Act. In the short term, higher deficits brought about by the tax change will likely increase pressure on lawmakers to cut funding for important programs and services that help reduce barriers to opportunity for so many low- and moderate-income households – particularly those of color – in areas like health, income security, job training and education. In the long term, this dynamic will not only exacerbate already tense economic insecurities so many households face today, but will also lead to even further economic hardships for households of color.

Ultimately, the debt-financing of the federal budget not covered by these cuts could lead to deficit and spending impacts that dwarf the distributional impacts we have highlighted throughout this report. Given the country's ongoing demographic shift from a majority-White to a majority-minority population, the effects of this double squeeze from the tax law and budget cuts would not only disproportionately harm communities of color, but it would also have vast consequences for the national economy.

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## Conclusion

Since coming into office, President Trump and his administration have routinely elevated how well his economic policies have benefited households of color, particularly Black and Latino communities (e.g. historically low employment rates for these two groups). However, in assessing the impact of his biggest economic policy achievement as president, the passage of the Tax Cuts and Jobs Act of 2017, it turns out that Black and Latino households, as well as all other households of color, barely benefited from it.

In the end, by providing the vast majority of benefits to the wealthy at the expense of low- and middle-income families and rewarding wealth over work, the Tax Cuts and Jobs Act fails across several levels to provide these families, regardless of race, with the economic support so many desperately need today. Even worse, by creating a law that concentrates an overwhelming amount of its benefits in the hands of wealthy, mostly White households, rather than providing the support needed to build the economic circumstances of communities of color, the Tax Cuts and Jobs Act is actively ensuring that the racial wealth divide remains a defining feature of American life, regardless of what impact it may have on our future collective economic well-being.

As Congress continues to discuss enacting more tax cuts, either by building upon the Tax Cuts and Jobs Act or through standalone efforts, the goal should not be to continue the status quo of showering the wealthy with more opportunities to build wealth and just hoping this trickles down to those who need it to the most. Just as important, the goal should also not be to use massive tax cuts as a backdoor justification for cutting funding to critical programs and services that help countless families avoid and move out of poverty, make ends meet and ultimately move up the economic ladder.

Instead, we should work to reduce the disparity in benefits provided through the tax code, particularly incentives provided for wealth-building, and stop the existing inequities from getting even bigger, allowing the wealthy to gain and pass further advantages to future generations without cost. For example, we should expand, reform and leverage the Estate Tax, not weaken it further, and use these dollars to invest in expanding opportunity for all—especially for children of low- and moderate-income families. We should expand access to health care, not take it away from millions of people just for the sole purpose of giving the wealthy a bigger tax cut. We should reform homeownership tax incentives like the Mortgage Interest Deduction, so it helps lower-income families of color become homeowners rather than just encourage wealthy homeowners to take out bigger mortgages.

Retirement and higher education tax incentives should be reformed as well, so they can effectively support everyday Americans to save for retirement and pay for college, and not just provide the most benefits to the wealthy who need them the least. And we should build upon the successful and proven supports provided to workers and families like the Earned Income Tax Credit and Child Tax Credit, not limit or make resources like these almost exclusively available to high-income families.

Ultimately, we should be creating a tax system that is fair and equitable, that provides the most wealth-building support to those who need it most, that reflects true American values and that helps close the racial wealth divide by intentionally lifting up families of color who historically have been left behind.

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## Methodology

This analysis uses ITEP's microsimulation model, which generates tax estimates for a sample of representative taxpayer records. For an explanation of the model, see the ITEP Microsimulation Tax Model Overview at <https://itep.org/itep-tax-model-simple/>.

The analysis provided within this report includes the impact of personal income tax, corporate income tax and estate tax changes as well as the impact of repealing the Affordable Care Act mandate.

For the purposes of this report, White, Black and Asian taxpayers are all non-Hispanic, while the Latino category includes White, Black, and Asian taxpayers who are Hispanic.

## End Notes

<sup>1</sup> Chad Stone, Danilo Trisi, Arloc Sherman, and Roderick Taylor, [\*A Guide to Statistics on Historical Trends in Income Inequality\*](#) (Washington, DC: Center on Budget and Policy Priorities, 2018), 16.

<sup>2</sup> Chuck Collins and Josh Hoxie, [\*Billionaire Bonanza 2017: The Forbes 400 and the Rest of Us\*](#) (Washington, DC: Institute for Policy Studies, 2017), 4.

<sup>3</sup> Ibid, 5.

<sup>4</sup> Luisa Kroll and Kerry A. Dolan, "Forbes 400: The Definitive Ranking Of The Wealthiest Americans", *Forbes*, October 3, 2018, [www.forbes.com/forbes-400/](http://www.forbes.com/forbes-400/).

<sup>5</sup> Board of Governors of the Federal Reserve System, [\*2016 Survey of Consumer Finances \(SCF\)\*](#) (Washington, DC: Federal Reserve Board, 2017), see 'Excel Based on Public Data', 'Estimates inflation-adjusted to 2016 dollars'.

<sup>6</sup> Ibid, see 'Other or Multiple Race'.

<sup>7</sup> Emanuel Nieves and Dedrick Asante-Muhammad, [\*Running in Place: Why the Racial Wealth Divide Keeps Black and Latino Families From Achieving Economic Security\*](#) (Washington, DC: Prosperity Now, 2018), 5.

<sup>8</sup> Sandra L. Colby and Jennifer M. Ortman, [\*Projections of the Size and Composition of the U.S. Population: 2014 to 2060\*](#) (Washington, DC: U.S. Census Bureau, 2015).

<sup>9</sup> See Darrick Hamilton, William Darity, Jr., Anne E. Price, Vishnu Sridharan and Rebecca Tippett, [\*Umbrellas Don't Make it Rain: Why Studying and Working Hard Isn't Enough for Black Americans\*](#) (Oakland, CA: Insight Center for Community Economic Development, 2015), and Amy Traub, Laura Sullivan, Tatjana Meschede and Tom Shapiro, [\*The Asset Value of Whiteness: Understanding the Racial Wealth Gap\*](#) (New York: Demos, 2017), 7.

<sup>10</sup> Dedrick Asante-Muhammad, Chuck Collins, Josh Hoxie and Emanuel Nieves, [\*The Road to Zero Wealth: How the Racial Wealth Divide is Hollowing Out America's Middle Class\*](#) (Washington, DC: Prosperity Now, 2017). 18-19.

<sup>11</sup> Ibid, 15-16.

<sup>12</sup> Ibid, 18-19.

<sup>13</sup> For the purposes of this report, "Middle-class families" is defined by an income range between \$40,000 – \$110,000, roughly two-thirds to double the US median household income as the Pew Research Center has defined middle-class households as being. For more information see "The American Middle Class Is Losing Ground" Pew Research Center, December 9, 2015, <http://www.pewsocialtrends.org/2015/12/09/the-american-middle-class-is-losing-ground/>.

# Appendix

## All Taxpayers

Income and Return Data				Tax Cuts and Jobs Act Data	
Income Group	Income Range	Average Incomes	Share of Total Income	Average Tax Change as share of Pre-Tax Income	Share of Tax Change
Poorest 20%	Less than \$23,000	\$13,000	2.9%	-0.7%	1.1%
Second 20%	\$23,000 – \$40,000	\$31,000	6.9%	-1.2%	4.4%
Middle 20%	\$40,000 – \$65,000	\$51,000	11.3%	-1.4%	8.3%
Fourth 20%	\$65,000 – \$110,000	\$84,000	18.4%	-1.5%	14.3%
Next 15%	\$110,000 – \$243,000	\$154,000	25.5%	-1.6%	20.7%
Next 4%	\$243,000 – \$590,000	\$354,000	15.4%	-3.0%	24.1%
Richest 1%	\$590,000 or more	\$1,802,000	20.0%	-2.6%	27.2%
ALL		<b>\$88,000</b>	<b>100%</b>	<b>-1.9%</b>	<b>100.0%</b>

## Asian Taxpayers

Income and Return Data					Tax Cuts and Jobs Act Data	
Income Group	Income Range	Average Incomes	Share of Overall Returns	Share of Total Income	Average Tax Change as share of Pre-Tax Income	Share of Tax Change
Poorest 20%	Less than \$23,000	\$13,000	0.4%	0.1%	-0.6%	0.0%
Second 20%	\$23,000 – \$40,000	\$32,000	0.5%	0.2%	-1.2%	0.1%
Middle 20%	\$40,000 – \$65,000	\$52,000	0.6%	0.3%	-1.4%	0.2%
Fourth 20%	\$65,000 – \$110,000	\$85,000	0.8%	0.8%	-1.4%	0.6%
Next 15%	\$110,000 – \$243,000	\$161,000	0.9%	1.6%	-1.4%	1.2%
Next 4%	\$243,000 – \$590,000	\$354,000	0.3%	1.2%	-2.9%	1.8%
Richest 1%	\$590,000 or more	\$1,171,000	0.1%	1.0%	-3.0%	1.5%
ALL		<b>\$125,000</b>	<b>3.7%</b>	<b>5.2%</b>	<b>-2.1%</b>	<b>5.5%</b>

## Black Taxpayers

Income and Return Data					Tax Cuts and Jobs Act Data	
Income Group	Income Range	Average Incomes	Share of Overall Returns	Share of Total Income	Average Tax Change as share of Pre-Tax Income	Share of Tax Change
Poorest 20%	Less than \$23,000	\$13,000	3.1%	0.4%	-0.7%	0.2%
Second 20%	\$23,000 – \$40,000	\$31,000	2.4%	0.8%	-1.2%	0.5%
Middle 20%	\$40,000 – \$65,000	\$51,000	2.0%	1.1%	-1.4%	0.8%
Fourth 20%	\$65,000 – \$110,000	\$83,000	1.5%	1.4%	-1.4%	1.0%
Next 15%	\$110,000 – \$243,000	\$147,000	0.8%	1.3%	-1.6%	1.1%
Next 4%	\$243,000 – \$590,000	\$353,000	0.1%	0.5%	-3.2%	0.9%
Richest 1%	\$590,000 or more	\$1,623,000	0.0%	0.8%	-1.2%	0.5%
ALL		<b>\$56,000</b>	<b>10.2%</b>	<b>6.4%</b>	<b>-1.5%</b>	<b>5.0%</b>

## Latino Taxpayers

Income and Return Data					Tax Cuts and Jobs Act Data	
Income Group	Income Range	Average Incomes	Share of Overall Returns	Share of Total Income	Average Tax Change as share of Pre-Tax Income	Share of Tax Change
<b>Poorest 20%</b>	Less than \$23,000	\$13,000	2.8%	0.4%	-0.8%	0.2%
<b>Second 20%</b>	\$23,000 – \$40,000	\$31,000	3.0%	1.1%	-1.4%	0.8%
<b>Middle 20%</b>	\$40,000 – \$65,000	\$51,000	2.7%	1.6%	-1.5%	1.2%
<b>Fourth 20%</b>	\$65,000 – \$110,000	\$83,000	2.0%	1.9%	-1.4%	1.4%
<b>Next 15%</b>	\$110,000 – \$243,000	\$148,000	1.0%	1.7%	-1.6%	1.4%
<b>Next 4%</b>	\$243,000 – \$590,000	\$351,000	0.2%	0.7%	-3.0%	1.1%
<b>Richest 1%</b>	\$590,000 or more	\$1,142,000	0.1%	0.7%	-1.7%	0.6%
<b>ALL</b>		<b>\$59,000</b>	<b>11.9%</b>	<b>8.0%</b>	<b>-1.6%</b>	<b>6.7%</b>

## White Taxpayers

Income and Return Data					Tax Cuts and Jobs Act Data	
Income Group	Income Range	Average Incomes	Share of Overall Returns	Share of Total Income	Average Tax Change as share of Pre-Tax Income	Share of Tax Change
<b>Poorest 20%</b>	Less than \$23,000	\$13,000	11.8%	1.8%	-0.7%	0.6%
<b>Second 20%</b>	\$23,000 – \$40,000	\$31,000	12.4%	4.4%	-1.2%	2.7%
<b>Middle 20%</b>	\$40,000 – \$65,000	\$52,000	13.0%	7.6%	-1.4%	5.6%
<b>Fourth 20%</b>	\$65,000 – \$110,000	\$84,000	14.2%	13.5%	-1.5%	10.7%
<b>Next 15%</b>	\$110,000 – \$243,000	\$155,000	11.4%	20.1%	-1.6%	16.4%
<b>Next 4%</b>	\$243,000 – \$590,000	\$354,000	3.1%	12.5%	-3.1%	19.8%
<b>Richest 1%</b>	\$590,000 or more	\$1,922,000	0.8%	16.9%	-2.7%	23.7%
<b>ALL</b>		<b>\$100,000</b>	<b>67%</b>	<b>76.7%</b>	<b>-2.0%</b>	<b>79.5%</b>