File Your Taxes on a Postcard? A G.O.P. Promise Marked Undeliverable

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By JIM TANKERSLEY 12/16/2017

“We’re making things so simple that you can do your taxes on a form the size of a postcard,” Speaker Paul D. Ryan of Wisconsin said in November. Pete Marovich for The New York Times

WASHINGTON — The Republican tax bill does not pass the postcard test.

It leaves nearly every large tax break in place. It creates as many new preferences for special interests as it gets rid of. It will keep corporate accountants busy for years to come. And no taxpayer will ever see the postcard-size tax return that President Trump laid a kiss on in November as Republican leaders launched their tax overhaul effort.

This was not the grand simplification of the code that Republicans promised when they set out to eliminate tax breaks and cut the number of tax brackets as they lowered rates.

As their bill tore through Congress, their ambitions fell to the powerful forces of lobbying and the status quo. Killed tax breaks returned to life. New ones sprung up beside them. A plan for three individual tax brackets became five, and finally eight.

Trade groups, such as the one for real estate agents, were able to preserve many benefits

targeted for elimination. The groups whose breaks were actually killed formed an eclectic, if less powerful, bunch: bicycle commuters, gamblers, workers whose companies give them free food.

What emerged on Friday, in the final product agreed to by Republican members of a House-Senate conference committee, was a bill that layers new tax complexities upon businesses large and small, and which delivers a larger share of benefits to corporations and the rich than to the middle class.

It sets all tax relief for individuals to expire in eight years, while making deep and permanent cuts to the corporate tax rate. It limits one key benefit for taxpayers in high-tax states, such as New York, but otherwise does little to back up Mr. Trump's promise last month that "we're also going to eliminate tax breaks and complex loopholes taken advantage by the wealthy."

The final legislation, which appears on track to be approved by Congress next week, offers little redress to workers who have grown to believe that the country's tax law thicket advantages those with power, political connections and lawyers on retainer. Its evolution undermines a central selling point for a bill that is already seen by most Americans as unlikely to benefit them, according to polls.

Budget experts had hoped for a tax overhaul that stoked additional economic growth by eliminating targeted tax breaks, which would allow for lower tax rates, a trade that economists generally believe increases efficiency in the economy.

"The whole purpose of tax reform is to eliminate tax breaks to simplify the tax code and reduce rates," said Marc Goldwein, senior vice president for the Committee for a Responsible Federal Budget in Washington. "But from what I can see, they only repeal one significant tax break, and very few if any tiny ones."

Republican leaders spent most of the year promising something quite different. A tax plan "framework" released in September declared that Mr. Trump's first principle for a tax bill was to "make the tax code simple, fair and easy to understand." A collection of "policy highlights" for the House bill, when it was first released, proclaimed that the plan "eliminates special-interest deductions that increase rates and complicate Americans' taxes."

Representative Kevin Brady of Texas insisted that Republicans had kept their promise to simplify the tax filing process, pointing to a doubling of the standard deduction, which will lead fewer people to itemize their taxes. Al Drago for The New York Times

Those arguments echoed a message that conservative groups had found scored highly with voters — the idea that a tax bill could “un-rig” the system. In August, In Pursuit Of, a communications and marketing firm that supports the influential Koch network, conducted a focus group test of Mr. Trump delivering a short message along those lines, and it rated highly. The results were shared widely among Republicans, and echoed in party leaders’ speeches when they launched the tax push in earnest.

“With this plan, we are getting rid of loopholes for special interests, and we are leveling the playing field,” Speaker Paul D. Ryan of Wisconsin declared at a news conference unveiling the House bill on Nov. 2. “We’re making things so simple — we’re making things so simple that you can do your taxes on a form the size of a postcard.”

The House measure did take one significant step toward simplifying the process for some taxpayers. It nearly doubled the standard deduction, a decision that stuck through every version of the legislation, including the final one. Because of this change, congressional staff members project, only 6 percent of Americans will itemize their tax returns, down from 30 percent now.

An analysis accompanying the final bill predicted that “this reduction in complexity and record keeping also may result in a decline in the number of individuals using a tax preparation service, or tax preparation software, or a decline in the cost of such service or software.”

House members also targeted dozens of tax breaks for elimination, including popular deductions for large out-of-pocket medical expenses and state income taxes paid. Some targets, such as a tax credit for adoptive parents, were spared under intense pressure. Still, the bill, passed two weeks after its introduction, killed a far greater number of narrowly tailored breaks than it created.

But that ratio sank in the Senate, where lawmakers added waves of new breaks to the bill, such as an excise tax cut for craft brewers and special relief for certain citrus growers. Shortly before the legislation passed the Senate, Republicans tried to insert a provision that initially appeared designed to benefit a single conservative college in Michigan, before Democrats and a handful of Republicans banded together to strike it in a floor amendment.

The final Senate bill included eight tax brackets, up from five in the House plan and seven in the current system, and it created at least as many new special-interest provisions as it eliminated. In the House-Senate conference committee, the Senate — where Republicans need to preserve nearly every vote because of their narrow majority — prevailed on most questions of whether targeted breaks would stay or go.

Medical expense deductions stayed, as did tax breaks for teacher supplies, student loan payments and tuition waivers for graduate students, all of which had been eliminated in the House plan. The conference bill even retained a tax break that helps professional sports teams build new stadiums with taxpayer dollars. The only major provision eliminated was a special tax treatment for manufacturers.

Republican leaders insisted that they had fulfilled their promise to simplify the tax filing process.

“So, with the standard deduction nearly doubled and a number of those provisions, the postcard still remains,” Representative Kevin Brady of Texas, the chairman of the Ways and Means Committee, told reporters on Friday. “Are there a few more items on it? Sure. But that was the process we wanted.”

Mr. Brady went on to imply that the special breaks were retained at the behest of voters. “We said from the very beginning: ‘This isn’t our tax code. It belongs to the American people,’” he said. “And it does. So, in the House we really took it down to the foundation and began to rebuild it the way the American people want it in the 21st century, not 30 or 50 years ago.”