

GOVERNMENT

US tax plan to boost retail business: NRF

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Retail may benefit from tax cuts. Image credit: Ammarium

By STAFF REPORTS

The United States' National Retail Federation has come out in support of Congress' tax reform bill.

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On Dec. 20, both the Senate and the House of Representatives passed the Republican's Tax Cuts and Jobs Act. This is the most significant rewrite of the U.S. tax code in years, and is expected to help business and wealthy individuals the most, potentially good news for the retail industry.

New plan

In the Senate, the bill passed with a 51-48 vote, while the House tally was 224-201. The votes were split almost entirely down party lines, with no Democrat support.

Per a CNN poll, the country is equally divided on the tax plan, with 55 percent opposed to it.

The tax reform plan is expected to primarily benefit the affluent and businesses, with the corporate tax rate lowered from 35 percent to 21 percent.

Ahead of the votes, the National Retail Federation had come out in favor of the plan, saying that the U.S. corporate tax rate was preventing international investment. Following the passing of the bill, the organization issued a statement praising the "historic" move.

"Passage of tax reform is a major victory for retailers who currently pay the highest tax rate of any business sector, and for the millions of consumers they serve every single day," said Matthew Shay, president and CEO of NRF, in a statement. "Our priorities were clear: reform must jumpstart the economy, encourage companies to invest here in the United States, increase wages and expand opportunities for employees, and protect our small business community, of which the vast majority are retailers.

"That's exactly what this legislation will achieve," he said. "Most importantly, this historic tax reform will put more money in the pockets of consumers the best Christmas gift middle-class Americans could ask for this holiday season."

Good news for consumers: The average person will spend \$967.13 this holiday season. But

[#taxreform](#) will bring enough savings to cover the cost in the new year.
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NRF (@NRFnews) [December 20, 2017](#)

For individuals, the tax plan drops the highest rate of taxation from 39.6 percent to 37 percent. It also raises the amount that can be inherited before it falls under estate tax to \$22 million for married couples.

Even before Congress pushed through tax legislation, the potential for tax cuts altered affluent consumer behavior.

Earlier in 2017, luxury properties saw significant gains following a stagnant 2016, after United States President Trump's promises of tax relief give wealthy consumers expectations for positive economic growth.

As of May, property prices are up 4.2 percent from last year, likely supported by the new White House administration, according to new research from Redfin. The administration has also pushed price points in luxury home sales in Washington after President Trump's appointees have purchased extravagant properties ([see story](#)).

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