Why the 2025 Tax Fight Matters for Care Investments

All of us will need to receive or provide care for ourselves or a loved one at some point in our lives. Unfortunately, the U.S. does not make this easy. We have no national paid family and medical leave policy. Families struggle to find and afford child care and aging and disability care that meets their needs. And at the same time, care workers are not paid enough to support themselves and their own families.

Using tax dollars to build and invest in child care, paid leave, and aging and disability care would help more families meet their caregiving needs and build their financial security, while helping to grow a robust economy. But right now, the richest individuals and the wealthiest corporations do not pay their fair share in taxes. This means we lose out on billions of dollars that could go toward funding care supports that women and families need. Ensuring that the ultrarich and wealthy corporations pay their fair share in taxes will support public investments in care, which all of us need and deserve.

What is the 2025 tax fight about?

In 2017, the Republican-controlled Congress passed a tax package, which was signed into law by President Trump. The 2017 tax law (also known as the Tax Cuts and Jobs Act, or TCJA) overwhelmingly benefited the wealthy. Some of the tax provisions were permanent, but many were temporary. The bulk of the temporary provisions will expire at the end of 2025 without Congressional action. So 2025 represents our best opportunity to put an end to these tax cuts for the top 1%, and instead change course to make the wealthiest and big corporations pay their fair share in taxes so we can invest in women, families, and communities.

We don’t need any more tax cuts at the top.

The 2017 tax law failed. It cost the public trillions of dollars in decreased federal tax revenue by primarily cutting taxes for the wealthiest, while failing to deliver on promised benefits.
1. The 2017 tax law did not “pay for itself.” The tax cuts lost massive amounts of federal revenue without producing tangible benefits for working people. In the 10-year window from its passage, the law will have caused a loss of $1.9 trillion dollars of federal tax revenue – money the federal government could have used for public benefit. Extending the temporary provisions that expire in 2025 would lose us even more: an estimated $4.6 trillion over the next 10 years. These lost federal tax dollars have been a massive driver of the federal deficit, leading to arguments that we “can’t afford” big investments in care.

2. It predominately benefited the wealthiest individuals and corporations. The tax cuts passed in 2017 were designed to benefit the wealthiest: in 2025, those in the richest 1% will receive an average $60,000 tax cut, while those in the bottom 20% will see an average tax cut of less than $100. In percentage terms as well, the bottom 20% will see an average tax cut of only 0.4% of their income, while the top 1% sees an average tax cut of 2.9% -- more than seven times as large.

3. It did not boost wages for average workers or generate economic growth. For decades, conservatives have claimed that tax cuts at the top would “trickle down” to the rest of us, but research has proven this over and over to be false: instead, massive tax cuts at the top drive inequality. For example, the 2017 tax law cut the corporate tax rate from 35% to 21%, with promises at the time that average workers would receive thousands of dollars per year in wage increases. But in reality, the corporate tax cut’s benefits all went to owners, executives and top managers, with the bottom 90% of the workforce seeing no benefit.

4. It exacerbated gender and racial inequities. Women supporting families on their own and households of color are underrepresented in top income levels and overrepresented at the bottom. Tax cuts for those who need them the least also worsen large and persistent wealth gaps. Racial and gender wealth gaps are also driven in part by a lack of investment in care.
In 2025, we can fight for a tax code that raises more public dollars to invest in care, instead of giving more tax cuts to the wealthiest.

First of all, we should let tax breaks for the wealthiest expire.

But we should not stop there. We should also undo permanent provisions of TCJA that help the top 1% at the expense of the rest of us, like the huge reduction in the corporate tax rate.

And finally, we should make other tax changes so that the wealthiest and big corporations are paying more of their fair share. There are a number of options available that would make our tax system fairer, raise more tax dollars, and advance gender, racial, and economic equity, including $5 trillion worth of progressive tax changes in the latest Presidential budget. Many states are leading the way in making their tax systems fairer and investing in their communities.

This is our chance to raise revenue to support public investments in priorities that help workers, families, and the economy as a whole – like child care, paid family and medical leave, and aging and disability care. This is a decision point where we can reject tax policies that benefit the wealthy and worsen inequality. This is our opportunity to fight for the tax code we deserve.

**CHILD TAX CREDIT**

The TCJA temporarily increased the size of the Child Tax Credit from $1,000 to $2,000 per year and increased income limits for family eligibility. This expansion did not help families that need it most, providing little to no benefit to families with very low incomes. Because the credit is not fully refundable, an estimated 19 million children are currently unable to fully benefit, including roughly 45 percent of Black children. Children with ITINs are also excluded from the CTC under the 2017 tax law, preventing 1 million children in immigrant families from benefitting from the credit. These changes expire in 2025. We have the opportunity to make changes to the CTC that help the families who need the most support. For example, the expansion of the CTC enacted in the American Rescue Plan Act made the credit fully refundable, leading to a steep reduction in child poverty in 2021. Once that expansion in the CTC expired in 2022, child poverty doubled, underscoring the power of the tax code to advance or undermine family economic security.

The public wants the wealthiest and big corporations to pay their fair share in taxes so we can invest in care.

Polling has shown people know the tax system mostly benefits those at the top. But there is strong support for ending tax breaks that benefit the wealthiest and big corporations AND for making big, meaningful investments in child care, paid family and medical leave, and aging and disability care. Two-thirds of voters across party lines support getting rid of the 2017 tax cuts for the wealthiest 1%.
**Why the 2025 tax fight matters for care advocates:**

We all want to do what’s best for our families, and using federal tax dollars to strengthen and grow our care systems would go a long way toward ensuring that our loved ones receive the care that they need and that our families can be more economically secure.

The 2025 expirations are a key opportunity to shape the tax code to reflect our values – and then invest in care so women and families struggling to care for their loved ones and the women of color who do this critical work for low pay can all succeed in our economy. We should not give one more penny in tax breaks to the top 1% and wealthy corporations that exploit loopholes and avoid taxes, while working families are forced to solve the care crisis on their own. **We can join together to demand that our government make the wealthiest individuals and corporations pay their fair share in taxes so we all can thrive.**