

Why The Big Ugly Law is Anything But Pro-Worker

The Trump administration is attempting a desperate rebrand of its big, ugly, [deeply unpopular](#) tax law that passed in July. Their strategy is to convince the American people that this law, which overwhelmingly benefits billionaires and big corporations, will actually help everyday workers and their families. But the specific “pro-worker” provisions the administration is touting—including tax deductions for tipped and overtime pay, and a tax deduction for seniors—won’t actually help the workers most struggling in today’s economy.

“No Tax on Tips” Isn’t the Populist Win It Pretends to Be

The Trump administration has championed the law’s “no tax on tips” provision—a deduction that eliminates federal income taxes on the first \$25,000 of tip income for workers paid less than \$150,000 a year. This measure helps...a very small percentage of workers.

[More than one-third](#) of tipped workers have earnings so low that they are already exempt from income taxes. All in all, only [3% of households](#) will benefit from this deduction. And the provision won’t help the hundreds of thousands of people struggling to make ends meet who don’t work in tipped jobs. However, the law as a whole will hurt those same people—[along with many tipped workers](#)—by making historic cuts to basic need programs such as health care and food assistance.

Tipped workers, [who are predominantly women](#), are more likely to experience economic insecurity and poverty—even compared to other workers with low wages. But “no tax on tips” won’t incentivize employers to increase wages for tipped workers. Instead, employers will probably try to expand the share of workers’ income that comes from tips—an [inherently less stable income source](#) than wages and one that comes with an increased risk of [wage theft](#), as well as [harassment](#) and [discrimination](#) from customers.

“No Tax on Overtime” Won’t Help—and May Hurt—Many Workers Burdened with Long Hours

The law also includes a “no tax on overtime” provision, a deduction that eliminates taxes on the first \$12,500 of overtime work or single workers earning up to \$150,000. However, it will not meaningfully help many workers who work long hours.

Only [about 9% of taxpayers](#) will benefit from the deduction, and most of them will be middle-or high-income workers, since many low-income workers already owe little or no taxes. In fact, 85% of the benefit will go workers who have an [annual income between \\$100,000 and \\$500,000](#).

And overall, the deduction may hurt, rather than help, many employees working long hours. It will allow employers to hire fewer people and make up the difference by working their employees for longer hours with less pushback. Employers will also be more likely just to tell people to work more hours—rather than offering wage or salary increases—in response to requests for higher pay. This could especially harm workers with caregiving responsibilities, who are disproportionately women. If policymakers really wanted to help workers who work long hours, they could expand the number of workers who are eligible for overtime pay in the first place—a policy the current [administration explicitly opposes](#).

“No Tax on Social Security” Is Misleading and Does Not Offer the Relief Seniors Need

Trump’s Big Ugly law creates a new \$6,000 deduction for taxpayers aged 65 and over. Despite President Trump and congressional Republicans misleadingly claiming that the law imposes “[no tax on Social Security](#),” this deduction will not actually eliminate taxes on Social Security retirement benefits. But it will reduce taxation of Social Security benefits enough to [endanger Social Security’s funding](#) and threaten the [program’s long-term health](#).

And the deduction won’t reach the seniors who most need support. Under prior law, [nearly half](#) of seniors already didn’t owe any income tax because they do not have enough income, which means they won’t benefit at all from this new deduction. And older women of color are [especially unlikely](#) to benefit. Instead, consistent with the rest of the law, seniors with higher incomes will benefit most: [seniors with incomes](#) between \$80,000 and \$270,000 will receive nearly two-thirds of the benefits from the senior deduction, even though they make up only a quarter of eligible seniors.

The vast majority of low- and middle-income workers don’t end up better off under the Trump administration’s tax law. In fact, the bottom 10 percent of families will be worse off by [\\$1,200 a year](#) under this law (without even factoring in the effects of the [Trump administration’s tariffs](#)) because of cuts to basic needs programs like SNAP and Medicaid.

If Republican leaders really wanted to help workers and their families, they wouldn’t just try to rebrand their terrible law. Instead, they would ensure that every job pays fair wages, provides stable hours and paid time off, protects workers from discrimination, supports collective bargaining, and otherwise make it easier for workers to support their families and live with dignity and economic security.