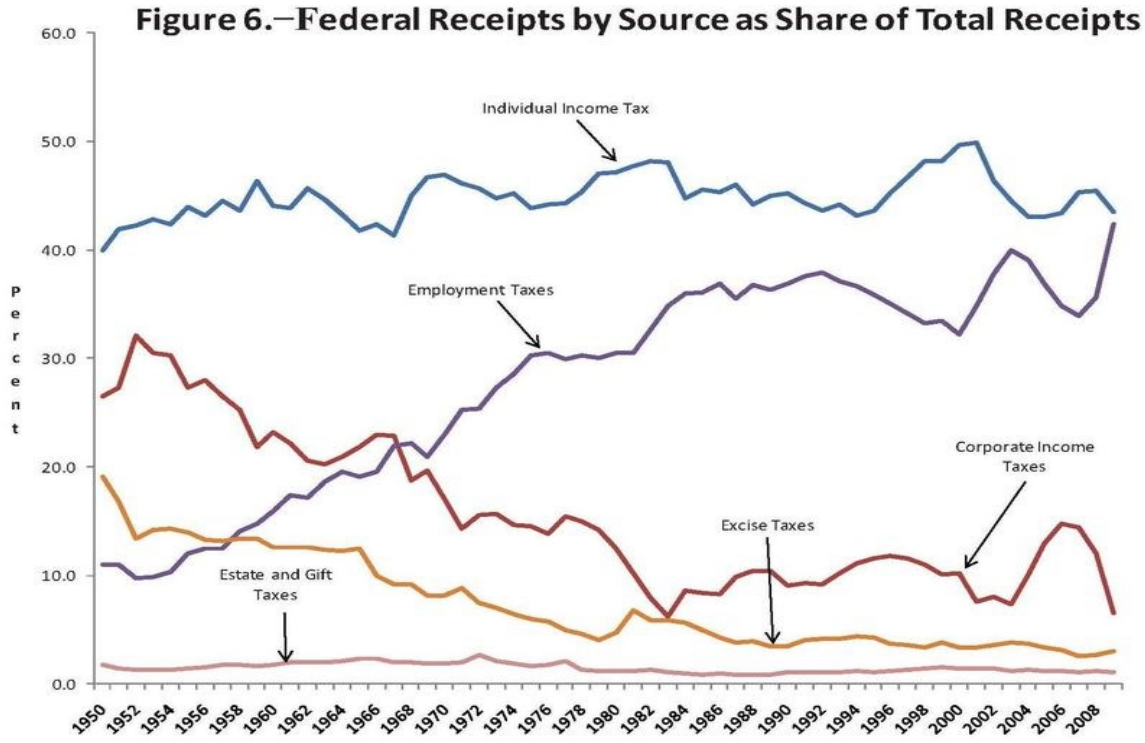
The second tranche from the bottom is the amount of national income collected via the corporate tax. Though corporations nominally pay the income taxes owed on their income, corporations are artificial entities, not real people, and only real people can bear the economic incidence of a tax. Precisely who bears the economic incidence of the corporate tax has, unlike the payroll taxes, been subject to some debate. It could be shareholders, whose dividends are smaller than they otherwise would be absent the corporate tax. It could be all owners of capital (even owners who do not own shares of corporate stock) as economy-wide capital returns reach equilibrium regardless of whether the return is earned inside or outside a corporation. Or it could be the corporation's employees, whose salaries are smaller than they otherwise would be. Nevertheless, while there are some dissents, the broad consensus of economic opinion is that the corporate tax is borne mostly by all owners of capital (investments), whether corporate stock, partnership interests, real estate, *etc*., with some born by labor. For example, the Congressional Budget Office (CBO) assumes that the incidence of the corporate tax falls 75% on capital and 25% on labor. Notice how the portion of GDP collected in corporate tax has steadily decreased since WWII.

Indeed, the combined payroll and corporate tax tranches, viewed together, has increased only slightly, but there has been a dramatic shift of the tax burden from capital (the corporate tax) to labor (the payroll taxes). And recall that the amount of labor income that is reached under the payroll taxes is capped at (for 2015) $118,500 per wage earner, so no taxes represented in this trance comes from wages above the relevant cap for the years at issue.

These points are even more apparent when you switch the inquiry from *the percentage of GDP* that is collected from each kind of Federal tax to *the percentage of total Federal tax revenue* that is collected from each kind of Federal tax, displayed in the chart below.[18]



[18] TESTIMONY OF THE STAFF OF THE JOINT COMM. ON TAX'N BEFORE THE JOINT SELECT COMM. ON DEFICIT REDUCTION, JCX-49-11, Sept. 22, 2011, at 4, at www.jct.gov/publications.html?func=startdown&id=4363.