



## JOE BIDEN'S TAX PLAN

### *Tax Hikes on Rich & Corporations to Pay for Public Services for Working Families*

Democratic presidential nominee Joe Biden will make America's tax system much fairer by increasing taxes on the rich and corporations, raising substantial revenue needed to improve public services and making new investments to build an economy that works better for everyone. Working families, small businesses and communities will all benefit from Biden's tax and investment plans, while billionaires and big corporations will pay something closer to their fair share of taxes. While more aggressive reforms to the tax code would lead to even more equitable results and greater revenue, Biden's proposals are a major step forward.

**Revenue Raised: \$4 Trillion Over 10 Years.** About half from corporations and other big businesses and half from wealthy individuals, per the [Tax Policy Center](#). Biden will use the money to improve healthcare, education, infrastructure, childcare and other services.

#### **Wealthy Would Pay Almost All the New Taxes Under Biden's Plan**

- Three-quarters (74%) will be paid by the top 1% (household income over \$837,000)
- About half (46%) will be paid by the top 0.1% (income over \$3.7 million)
- Biden will *not* directly tax households making under \$400,000/year. [[Washington Post](#); [PolitiFact](#)]

#### **Biden's Tax Reforms Fall into Four Categories**

1. Repeals the most egregious tax breaks to corporations and other big companies in the 2017 Trump-GOP tax law and reforms other business taxes. Proposes several measures to reduce outsourcing and create jobs here are at home and to reduce profit shifting to dodge taxes.
2. Repeals excessive giveaways to the rich in the 2017 tax law and closes other loopholes that shield the wealthy from paying their fair share.
3. Reforms how wealth and income from wealth is taxed by changing how capital gains are taxed:
  - Raises the top 20% tax rate on gains from the sale of investments (such as stocks, businesses, real estate) to match the 37% top tax rate on wages and salaries.
  - Closes the loophole that lets the wealthy pass trust fund assets, such as stock, to their kids without paying taxes on the increase in the value of those assets.
4. Significantly strengthens Social Security by having the highest-income earners contribute more to the system. Biden will levy Social Security payroll taxes on wages above \$400,000. Currently, only wages below about \$138,000 a year are taxed.

#### **Biden's Plan Does Not Include Some Major Tax Reforms Proposed by Other Democrats**

Biden's plan is the [most moderate of any announced](#) by major Democratic presidential candidates. Besides raising significantly less revenue than some, among the reforms not in Biden's plan are: a wealth tax; changes to the taxation of capital gains to prevent tax deferral, such as a "mark-to-market" system that annually taxes the increased value of publicly-traded assets; much higher individual tax rates on the very highest incomes; specific proposals to strengthen the estate tax beyond repealing the giveaways to wealthy estates in the 2017 Trump-GOP tax law; and a sales tax on financial transactions.

JOE BIDEN'S TAX PLAN	Revenue Raised
<b>CORPORATE &amp; BUSINESS TAXES</b>	
<p><b>Increases the domestic corporate income tax rate from 21% to 28% and imposes an “Offshoring Tax Penalty” that raises the rate to 30.8%.</b> The 2017 Trump-GOP tax law lowered the corporate tax rate from 35% to 21%, a massive 40% tax cut for corporations. The Biden plan will recover half of this giveaway to Corporate America. It will also <a href="#">impose a 3.8% tax on top</a> for domestic companies that produce offshore for the U.S. market.</p>	\$1.3 Trillion
<p><b>Raises the tax rate U.S. multinationals pay on foreign earnings, from 12.5% to 21%.</b> Under the 2017 Trump-GOP tax law, U.S. corporations get a 50% tax discount on profits earned offshore. This loophole encourages corporations to outsource production and shift profits to foreign tax havens, thereby depriving Americans of work and the government of revenue. Biden will reduce these harmful incentives by taxing offshore profits at 21%.</p>	\$309 Billion
<p><b>Imposes a minimum 15% tax on corporate “book income.”</b> Because of loopholes and aggressive tax avoidance, many large profitable corporations pay zero federal income tax, sometimes for years on end. Under Biden’s plan, corporations with over \$100 million in profits will pay a minimum tax equal to 15% on the income they report to their investors (which excludes many of the deductions, credits and exemptions that shrink the income and tax liability they report to the IRS) or the regular tax if it is higher.</p>	\$166 Billion
<p><b>Eliminates special tax breaks for the real estate industry.</b> Currently, real estate investors can delay, reduce or altogether avoid taxes on their winning investments while mining their losses for big tax write-offs far more easily than other investors. Biden will end “like-kind exchanges” and other tax breaks used by real estate investors earning over \$400,000 per year. Like-kind exchanges let real estate investors avoid capital gains taxes on the sale of a property if it is replaced with a similar one, a tax break that can be easily abused.</p>	\$294 Billion
<p><b>Ends other miscellaneous tax breaks, extends some tax credits, and strengthens labor law.</b> The Biden plan will end tax breaks for fossil fuel companies and drug-company advertising, while extending tax credits for green energy and distressed manufacturing communities, as well as curb employer misclassification of employees as contractors.</p>	\$14 Billion
<p><b>Total Corporate &amp; Business Taxes</b></p>	<b>\$2.1 Trillion</b>
<b>INDIVIDUAL TAXES</b>	
<p><b>Rolls back the 2017 Trump-GOP tax-rate cut for the rich.</b> Biden will restore the previous top tax rates on “ordinary” income (mostly wages and salaries) over \$400,000 a year, including raising the top rate from 37% back to 39.6%.</p>	\$143 Billion
<p><b>Makes the richest taxpayers pay the same tax rate on income from wealth—capital gains—as they pay on income from wages and salaries. Ends the loophole that lets the wealthy pass assets to heirs without paying taxes on the accumulated increase in the value of those assets.</b> Biden wants to end the loophole that lets the wealthiest pay a lower percentage of their income in taxes than do ordinary Americans. A key reason they can do this is because of lower tax rates—topping out at just 20%—on long-term capital gains. These are the profits from the sale of stock, real estate, a business or other financial asset held over a year. Biden will end this discount for those earning over \$1 million a year, so they pay the same top rate on capital gains as they would on wages and salaries—39.6% under his plan. Biden will also end the “stepped-up basis” loophole, which will require the wealthy to pay income tax on previously untaxed capital gains at the time of transfer to heirs.</p>	\$448 Billion

<p><b>Caps the value of itemized deductions at 28%.</b> Currently, the same dollar-value deduction—say, for mortgage interest—is more valuable for higher-rate taxpayers than those paying lower rates. (A \$1,000 deduction saves a taxpayer in the 35% bracket \$350, but only \$240 for one in the 24% bracket.) Biden will partially correct this by capping the value of deductions at 28%. This change will only reduce the value of deductions for couples with incomes over \$334,000 (\$167,000 for singles), since they are the only ones who will be paying a higher tax rate than 28%.</p>	<p>\$306 Billion</p>
<p><b>Further limits the value of itemized deductions for highest income taxpayers.</b> The Biden plan will reapply to high-income taxpayers a tax provision <a href="#">repealed by the Trump-GOP tax law</a> that further decreases the value of deductions. The provision requires higher-income taxpayers to reduce the amount of certain deductions by 3% of the amount their income exceeds a certain ceiling, which in Biden’s plan is \$400,000.</p>	<p>\$70 Billion</p>
<p><b>Phases out the 20% deduction for wealthy owners of pass-through businesses.</b> Pass-through businesses—sole proprietorships, partnerships and S corporations—do not pay corporate taxes but instead pass along profits and losses to their owners who pay any tax due on their personal returns at individual rates. The 2017 Trump-GOP tax law created a 20% income deduction so that pass-through owners, with many exceptions, owe tax on only 80% of their profits. Though almost all businesses are pass-throughs, the biggest ones (hedge funds, law firms, real estate partnerships) benefit the most from this tax break: in a few years, over 60% of the tax cut will flow to the <a href="#">wealthiest 1% of business owners</a>, while the bottom two-thirds will get only 4%. The Biden plan will limit this tax break for business owners making over \$400,000.</p>	<p>\$219 Billion</p>
<p><b>Reinstates, restores, extends and creates a host of tax credits and deductions.</b> The Biden plan will offer tax credits to facilitate caregiving, promote electric vehicles and energy-efficient residences, make the tax value of retirement-savings contributions more equal, encourage automatic IRAs for small businesses, and achieve other worthy goals.</p>	<p>-\$238 Billion</p>
<p><b>Total Individual Taxes</b></p>	<p><b>\$948 Billion</b></p>
<p><b>Applies Social Security taxes to wage income above \$400,000.</b> Currently, income over \$137,700 is not subject to Social Security payroll taxes. To preserve and strengthen Social Security, <a href="#">Biden will begin to apply this 12.4% tax</a>—split evenly between employer and employee—on wages above \$400,000. This new revenue will allow the minimum Social Security benefit to be increased and ensure full benefits can be paid for decades to come.</p>	<p><b>\$962 Billion</b></p>
<p><b>TOTAL REVENUE RAISED</b></p>	<p><b>\$4 Trillion</b></p>
<p>Details and revenue estimates are from the <a href="#">Tax Policy Center</a> (TPC). The Committee for a Responsible Federal Budget has compiled an informative <a href="#">comparison of four analyses of Biden’s plan</a>, which shows TPC’s estimates are very similar to those from the Tax Foundation, the Penn-Wharton Budget Model and the American Enterprise Institute.</p>	