



JOE BIDEN'S TAX PLAN

Joe Biden will make America's tax system much fairer by increasing taxes on the rich and corporations and using that revenue to support working families, improve public services and make new investments to build an economy that works better for everyone. Though 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: \$2.1 Trillion Over 9 Years

- Overall, corporations and the wealthy will contribute \$3.3 trillion in new revenue over 9 years (\$2.6 trillion not counting Social Security). The \$1.2 trillion cost of tax credits for working families, domestic manufacturers and green energy drops the net revenue gain to \$2.1 trillion, per the [Tax Policy Center](#) (TPC).
- 65% of net revenue will come from corporations and businesses and 40% from the wealthy.

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

- Three-quarters (77%) will be paid by the top 1% (household income over \$858,500 in 2030)
- One half will be paid by the top 0.1% (income over \$4 million in 2030)
- Biden's plan will *not* directly tax households making under \$400,000 a year. [[PolitiFact](#), [FactCheck.org](#), [Washington Post Fact Checker](#)]

Key Features of Biden's Tax Reforms

1. **Corporate & Business Taxes:** Repeals the most egregious tax breaks in the 2017 Trump-GOP tax law—the Tax Cuts & Jobs Act (TCJA). Biden proposes to increase the corporate tax rate from 21% to 28% and to enact measures to reduce outsourcing and create jobs here at home and reduce profit shifting to dodge taxes.
2. **Individual Taxes:** Repeals excessive giveaways to the rich in the TCJA (such as a lower top tax rate and a weakened estate tax), proposes to cap the value of itemized deductions at 28% and closes other loopholes that shield the wealthy from paying their fair share.
3. **Taxing Income from Wealth:** Reforms how wealth and income from wealth is taxed by changing taxation of capital gains:
 - Raises for those making more than \$1 million the top tax rate on gains from the sale of assets (such as stocks, businesses, and real estate) from 20% to 39.6% to match the top rate on wages and salaries.
 - Closes the loophole that lets the wealthy pass valuable assets, such as stock, to their heirs without paying taxes on the increased value of those assets.
4. **Strengthens Social Security:** Levies Social Security payroll taxes on wages above \$400,000. Currently, only wages below about \$138,000 a year are taxed.
5. **Tax Credits:** Provides \$500 billion to working families and caregivers and \$400 billion for first-time homebuyers, retirement benefits and green energy. Provides \$300 billion for domestic manufacturing, green energy and investments in low-income communities.

Wall Street Analysts Praise Biden's Tax & Investment Plans

Analysts say Biden's [plans will create more jobs and growth](#) than will Trump's agenda and his "capital-gains tax hike would be 'minor' for stocks."

JOE BIDEN'S TAX PLAN	\$ Billions
CORPORATE & BUSINESS TAXES	
Increase the domestic corporate income tax rate from 21% to 28%. The 2017 TCJA lowered the corporate tax rate from 35% to 21%, a massive 40% tax cut. Biden also will impose an "Offshoring Tax Penalty"—a 2.8% tax on top of the 28% rate for domestic companies that produce offshore for the U.S. market (there is no revenue estimate for this).	\$727
Raise the tax rate U.S. multinationals pay on foreign earnings, from 10.5% to 21%. Under the TCJA, U.S. corporations get a 50% tax discount on profits earned offshore through the GILTI tax . This loophole encourages corporations to outsource production and shift profits to foreign tax havens, depriving Americans of work and the government of revenue. Biden will limit the GILTI discount to 25%, which will effectively tax offshore profits at 21%, applying it as a minimum tax on a country-by-country basis.	\$442
Impose 15% minimum tax on corporate "book income." Because of loopholes and aggressive tax avoidance, many large profitable corporations pay zero federal income tax, sometimes for years on end. Corporations with over \$100 million in profits will be required to 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.	\$109
Phase out the 20% deduction for owners of pass-through businesses making more than \$400,000. 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 TCJA 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 TCJA tax cut will flow to the wealthiest 1% of business owners , while the bottom two-thirds will get only 4%.	\$143
Tax large banks for holding risky debt. Levy a financial risk fee on certain liabilities held by banks and other large financial institutions with over \$50 billion in assets.	\$84
Close other corporate tax loopholes. Tighten anti-inversion rules on U.S. multinational corporations (\$22 billion); eliminate tax breaks for fossil fuels (\$25 billion); end tax deduction for prescription drug advertising (\$13 billion); and tighten rules for classifying independent contractors (\$11 billion)	\$71
Eliminate special tax breaks for the real estate industry. 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. Revenue estimate is not possible due to limitations of determining who will be affected by the \$400,000 threshold.	NA
Subtotal Corporate & Business Taxes	\$1,576
Provide tax credits for domestic manufacturing, investments in low-income communities and green energy. A 10% tax credit for domestic manufacturing (-\$230 billion); expand the new markets tax credit (-\$41 billion); increase green energy tax credits (-\$37 billion); expand low-income housing tax credit (-\$9 billion); other (-\$1 billion).	-\$318
Total Corporate & Business Taxes After Tax Credits	\$1,258

INDIVIDUAL TAXES, TAX CREDITS & SOCIAL SECURITY	
<p>Roll back the TCJA tax-rate cut for the rich and limit deductions. 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%. (\$112 billion) Reapply to high-income taxpayers the “Pease” limitation repealed by the TCJA requiring them to reduce the amount of certain deductions by 3% of the amount their income exceeds \$400,000. (\$51 billion)</p>	\$163
<p>Cap the value of itemized deductions at 28%. 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% for married couples with income over \$400,000 and over \$200,000 for singles and married couples filing separately.</p>	\$224
<p>Make the richest taxpayers pay the same tax rate on income from wealth—capital gains—as they pay on income from wages and salaries. End the loophole that lets the wealthy pass assets to heirs without paying taxes on the accumulated increase in the value of those assets. Taxpayers making more than \$1 million a year will pay the same top tax rate on long-term capital gains and dividend income as they pay on wage income, which will be 39.6% under Biden. Currently, the top rate paid is just 20%. Long-term capital gains are the profits from the sale of stock, real estate, a business or other financial asset held over a year. Biden will also end the “stepped-up basis” loophole, thereby requiring the wealthy to pay income tax on previously untaxed capital gains at the time of transfer to heirs.</p>	\$373
<p>Restore the estate tax to 2009 levels. Like President Obama, Biden wants to reverse the weakening of the estate tax over the past decade by lowering the threshold above which estate taxes are paid. It will be reduced from \$11.6 million today for a single person (\$23 million for a married couple) to \$3.5 million and \$7 million, respectively. The current 40% tax rate will rise to 45%. These 2009 parameters will still only affect about 3 out of 1,000 estates.</p>	\$218
<p>Increase IRS enforcement budget and increase audits on corporations and the wealthy. Assumes increasing the IRS enforcement budget to 2010 levels over three years.</p>	\$36
<p>Apply Social Security taxes to wage income above \$400,000 to preserve and strengthen the program. Currently, income over \$137,700 is not subject to Social Security payroll taxes. Biden will begin to apply this 12.4% tax—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 five more years.</p>	\$740
Subtotal Individual & Social Security Taxes	\$1,754
<p>Expand working family and renters’ tax credits. Temporarily increase for two years the Child Tax Credit (\$242 billion); increase the Child and Dependent Care Tax Credit (\$113 billion); establish a tax credit of up to \$5,000 for family caregivers (\$84 billion); provide a refundable low-income renter’s credit (\$53 billion); and extend EITC to childless workers over 65 (\$4 billion).</p>	-\$496
<p>Expand housing, retirement and green energy tax credits. Provide a \$15,000 refundable tax credit for first-time homebuyers (\$208 billion); replace deductibility of IRAs and pension plans with 26% refundable tax credit (\$151 billion); establish automatic IRAs (\$13 billion); reinstate tax credits for residential energy efficiency (\$27 billion) and electric vehicle tax credits (\$21 billion); exempt forgiven student loans from taxable income (\$4 billion).</p>	-\$424
Subtotal Individual Tax Credits	-\$920
Total Individual Taxes, Social Security Taxes & Tax Credits	\$834
TOTAL REVENUE RAISED	\$2.1 Trillion
Details and revenue estimates are from the Tax Policy Center (TPC), “An Updated Analysis of Former Vice President Biden’s Tax Proposals,” Oct. 15, 2020.	