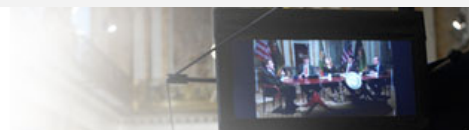


U.S. DEPARTMENT OF THE TREASURY

Press Center



Administration Proposes Tax Cuts For Middle Class Families and Small Businesses, Closing Corporate Tax Loopholes 'Greenbook' Details Efforts to Build Prosperity, Increase Fairness of Tax Code

5/11/2009

To view or print the PDF content on this page, download the free [Adobe® Acrobat® Reader®](#).

TG-125

WASHINGTON – As part of the Administration's effort to develop a budget that invests in our nation's future, the U.S. Treasury Department today released the General Explanations of the Administration's Fiscal Year 2010 Revenue Proposals (Greenbook) to provide details of plans to cut taxes for small businesses and middle class families and close unfair corporate tax loopholes. The plan includes \$736 billion in tax cuts for working families over the next ten years and provides almost \$100 billion in tax cuts for businesses, providing support to the entrepreneurs who will help drive an economic recovery. The plan also promotes fairness and fiscal responsibility by closing hundreds of billions in loopholes, including \$36 billion in tax breaks for oil companies and the \$86.5 billion "check-the-box" loophole which allows U.S. companies that invest overseas to shift income to tax havens.

"This Administration has proposed a budget that encourages growth, improves the fairness of the tax Code and supports the President's critical priorities in a fiscally responsible manner," said Treasury Secretary Tim Geithner. "By providing tax cuts to small businesses and middle class families, as well as for investments in innovation, we are investing directly in our communities, creating new jobs, and putting our nation on the path to recovery."

Continued Geithner: "We believe in a level playing field, but we currently have a tax Code that gives businesses that invest and create jobs overseas a competitive advantage over those who invest and create jobs at home. We are taking the next step in creating fairness in our economy by ending loopholes that allow companies to avoid paying taxes while millions of hardworking families and small businesses pay their fair share."

[Cutting Taxes for Middle Class Families](#)

The Administration's Budget proposes \$736 billion in tax cuts for individuals and families. It follows through on a key commitment by increasing and extending the Making Work Pay Credit to provide tax cuts for 95 percent of working families, saving a typical couple \$800 per year.

The Budget also provides a much needed boost to Americans' retirement savings. Those who work hard their entire lives have earned the right to retire with dignity and security. But today, a secure retirement is no longer a guarantee for the middle class. Therefore, the Budget proposes to significantly expand the existing Saver's Credit for Americans (SCA) who work. The new credit will match 50 percent of the first \$1,000 of savings for the typical family and will be refundable to ensure that even low-income workers have the chance to save for the future. The Budget also includes plans to set-up automatic enrollment in IRA's so every family can participate in retirement saving plans.

In addition, the Budget makes permanent the American Opportunity Tax Credit, worth up to \$2,500 per year for up to 4 years, so everyone who gets into college can afford to attend college. Together these tax cuts could save a middle-class family with a child in college \$3,800 per year.

[Cutting Taxes for Small Business](#)

The President believes that small businesses are critical engines of job creation and economic growth, and he is committed to ensuring that small businesses have the support they need to compete in an increasingly global economy. With savings realized from ending tax breaks, the Budget provides \$99 billion in tax cuts for businesses – this does not account for the Making Work Pay Credit which already provides an additional tax cut to the vast majority of small business owners. The Budget cuts taxes for small businesses by:

- Making permanent the Research and Experimentation Credit to reward businesses that invest in U.S. competitiveness;
- Eliminating the capital gains tax on investments in small business stock, thereby helping small businesses attract much-needed capital; and
- Expanding the Net Operating Loss Carryback provision, providing businesses with an immediate boost to their bottom line to help them through the current economic crisis.

Tax Preferences Repealed for Oil Companies, Overseas Investment

The Budget proposes to close dozens of unfair loopholes that cost hundreds of billions of dollars, including measures to raise:

- \$36 billion by rolling back tax breaks for oil companies, including special credits that subsidize oil exploration and drilling;
- \$86.5 billion by closing the "check-the-box" loophole, which gives companies that invest overseas the ability to make their foreign subsidiaries "disappear" for tax purposes – enabling them to shift profits to tax havens and giving them a leg-up on firms that invest in the United States;
- More than \$103 billion by ending tax preferences for international investments, including the rule that allows firms to take an immediate deduction for their overseas investment expenses while delaying paying taxes on overseas income and the rules that allow firms to claim excessive tax credits for their overseas investments; and
- \$58 billion to support the Health Reform Reserve Fund by closing domestic tax loopholes and increasing domestic compliance. This includes targeting valuation games played by those facing estate and gift taxes that allow them to undervalue transferred property, denying a tax deduction for bad-actor firms hit with punitive damage claims and repealing preferential tax treatment for commodities dealers and day traders.

The full text of the Greenbook is available at <http://www.treas.gov/offices/tax-policy/library/grnbk09.pdf> 

###