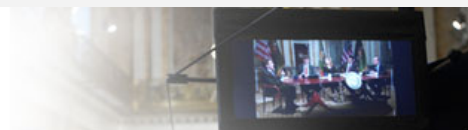


U.S. DEPARTMENT OF THE TREASURY

Press Center



Administration's FY2016 Budget Tax Proposals Will Support the Middle Class, Boost Growth, and Create Jobs Here at Home

2/2/2015

View the Greenbook [here](#). 

"The President's Budget proposes targeted policies to strengthen the middle class, level the playing field for American businesses, create more fairness in our tax code, and lay the groundwork for long-term economic growth for our country that is broadly shared, all while setting a course to put our country on sound fiscal footing," said Treasury Secretary Jacob J. Lew.

WASHINGTON - The President's 2016 Budget is designed to bring middle class economics into the 21st Century. This Budget shows what we can do if we invest in America's future and commit to an economy that rewards hard work, generates rising incomes, and allows everyone to share in the prosperity of a growing America. It lays out a strategy to strengthen our middle class and help America's hard-working families get ahead in a time of relentless economic and technological change. And it makes the critical investments needed to accelerate and sustain economic growth in the long run, including in research, education, training, and infrastructure.

These proposals will help working families feel more secure with paychecks that go further, help American workers upgrade their skills so they can compete for higher-paying jobs, and help create the conditions for our businesses to keep generating good new jobs for our workers to fill, while also fulfilling our most basic responsibility to keep Americans safe. We will make these investments, and end the harmful spending cuts known as sequestration, by cutting inefficient spending and reforming our broken tax code to make sure everyone pays their fair share. We can do all this while also putting our nation on a more sustainable fiscal path. The Budget achieves about \$1.8 trillion in deficit reduction, primarily from reforms to health programs, our tax code, and immigration.

Today, the U.S. Department of the Treasury released a key document that points the way toward meeting these challenges – the General Explanations of the Administration's FY2016 Revenue Proposals, or "Greenbook," which explains the Administration's revenue proposals included in the Budget.

• Reform the U.S. International Tax System

- Impose a 19-percent Minimum Tax on Foreign Income.
- Impose a 14-percent One-Time Tax on Previously Untaxed Foreign Income.
- Limit the Ability of Domestic Entities to Expatriate.
- Restrict Deductions for Excessive Interest of Members of Financial Reporting Groups.
- Establish Tax Incentives for Locating Jobs and Business Activity in the U.S. and Prohibiting Tax Deductions for Shipping Jobs Overseas.
- Limit Shifting of Income Through Intangible Property Transfers.
- Restrict the Use of Hybrid Arrangements that Create Stateless Income.

• Provide Tax Relief and Simplifications for Small Businesses

- Expand and Permanently Extend Increased Expensing for Small Businesses.
- Expand Simplified Accounting for Small Businesses and Establish a Uniform Definition of Small Business for Accounting Methods.
- Eliminate Capital Gains Taxation on Investments in Small Business Stock.
- Increase the Limitations for Deductible New Business Expenditures and Consolidate Provisions for Start-Up and Organizational Expenditures.
- Expand and Simplify the Tax Credit Provided to Qualified Small Employers for Non-Elective Contributions to Employee Health Insurance.

• Encourage Manufacturing, Research, Clean Energy, Insourcing, and Job Creation

- Enhance and Make Permanent Research Incentives.
- Extend and Modify Certain Employment Tax Credits, including Incentives to Hire Veterans.
- Modify and Permanently Extend Renewable Electricity Production Tax Credit and the Investment Tax Credit.
- Provide a Carbon Dioxide Investment and Sequestration Tax Credit.

• Encourage Regional Growth

- Modify and Permanently Extend the New Markets Tax Credit (NMTC).
- Reform and Expand the Low-Income Housing Tax Credit (LIHTC).

• Encourage Investment in Infrastructure

- Enhance and Make Permanent Research Incentives.
- Provide America Fast Forward Bonds (AFFB) and Expand Eligible Uses.
- Provide Qualified Public Infrastructure Bonds (QPIBs).

• Create a Simpler, Fairer Tax Code that Responsibly Invests in Middle Class Families

- Reform the Taxation of Capital Income to Help Ensure the Wealthiest Pay their Fair Share of Taxes.
- Impose a Financial Fee.
- Provide a New, Simple Tax Credit to Two-Earner Families.
- Streamline Child Care Tax Incentives to Give Middle-Class Families with Young Children a Tax Cut of up to \$3,000 per Child.
- Simplify and Better Target Education Tax Benefits to Improve College Affordability.
- Make it Easy and Automatic for Workers to Save for Retirement.

• Raise Additional Revenue by Asking the Wealthiest to Pay Their Fair Share

- o Limit Certain Tax Expenditures for the Most Affluent by Capping their Value at 28-percent.
- o Implement the Buffett Rule by Imposing a New "Fair Share Tax."
- o Eliminate a Depreciation Benefit for Corporate Jets and Other General Aviation Passenger Aircraft.
- o Tax Carried Interest Profits as Ordinary Income.
- o Close Loopholes that Allow Professional Services Business to Avoid Self-Employment Payroll Taxes.
- o Restore the Estate, Gift, and Generation-Skipping Transfer (GST) Tax Parameters in Effect in 2009.
- o Modify Transfer Tax Rules for Grantor Retained Annuity Trusts and other Grantor Trusts.

• **Streamline and Improve Tax Administration**

- o Increase Funding for IRS Enforcement by Creating a "Program Integrity Cap."
- o Improve the Whistleblower Program.
- o Combat Tax-Related Identity Theft.
- o Rationalize Tax Return Filing Due Dates so they are Staggered.
- o Increase Oversight and Due Diligence of Paid Tax Return Preparers.

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