

Administration's FY2022 Budget Tax Proposals Will Promote Shared Growth and Prosperity

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[View the full Greenbook here.](#)

“Today’s budget, which includes the American Jobs and Families Plans, makes the necessary investments in both our infrastructure and our people to ensure the post-pandemic chapter of our history is a strong and prosperous one. Importantly, too, this budget puts our country on a long-term fiscally sustainable path through fair and efficient tax reform.”

– Secretary of the Treasury Janet L. Yellen

WASHINGTON – Today, President Biden released his first Budget which makes historic investments that will help the nation recover from the pandemic and lay the foundation for shared growth and prosperity for the future. The FY2022 Budget proposes essential investments to prioritize infrastructure, clean energy, and research and development, providing a strong foundation for American job creation.

Under President Biden, America has started to recover from the pandemic. The economy is growing and creating jobs, unemployment claims have dropped, schools are reopening, and more than half of American adults are fully vaccinated. The proposed Budget includes proposals like the American Jobs Plan and the American Families Plan that will move the country past where it was pre-pandemic and rebuild a new American economy that invests in the potential of every American and makes it easier for families to enter and stay in the middle class.

The Budget provides a fiscally responsible path for delivering a stronger, more prosperous economy. New public investments are coupled with additional revenue measures that ask the highest income Americans and large corporations to pay their fair share and that make our tax system more efficient and equitable. The measures do not increase taxes on anyone making less than \$400,000. Under the Budget’s proposals, the real cost of Federal debt payments will remain well below historical levels throughout the coming decade.

Alongside the Budget, today, the U.S. Department of the Treasury released a key document that explains the Administration’s revenue proposals included in the Budget – the General

Explanations of the Administration's FY2022 Revenue Proposals, or “Greenbook.” The Greenbook further describes revenue measures previously announced by President Biden, including:

AMERICAN JOBS PLAN

Reform Corporate Taxation

- Raise the Corporate Income Tax Rate to 28 Percent
- Revise the Global Minimum Tax Regime, Disallow Deductions Attributable to Exempt Income, and Limit Inversions
- Reform Taxation of Foreign Fossil Fuel Income
- Repeal the Deduction for Foreign-Derived Intangible Income (FDII)
- Replace the Base Erosion Anti-Abuse Tax (BEAT) with the Stopping Harmful Inversions and Ending Low-Tax Developments (SHIELD) Rule
- Limit Foreign Tax Credits from Sales of Hybrid Entities
- Restrict Deductions of Excessive Interest of Members of Financial Reporting Groups for Disproportionate Borrowing in the United States
- Impose a 15 Percent Minimum Tax on Book Earnings of Large Corporations
- Provide Tax Incentives for Locating Jobs and Business Activity in the United States and Remove Tax Deductions for Shipping Jobs Overseas

Support Housing and Infrastructure

- Expand the Low-Income Housing Tax Credit
- Provide Neighborhood Homes Investment Tax Credit
- Make Permanent the New Markets Tax Credit (NMTC)
- Provide Federally Subsidized State and Local Bonds for Infrastructure

Prioritize Clean Energy

- Eliminate Fossil Fuel Tax Preferences
- Extend and Enhance Renewable and Alternative Energy Incentives
- Provide Tax Credit for Electricity Transmission Investments

- Provide Allocated Credit for Electricity Generation from Existing Nuclear Power Facilities
- Establish New Tax Credits for Qualifying Advanced Energy Manufacturing
- Establish Tax Credits for Heavy- and Medium-Duty Zero Emissions Vehicles
- Provide Tax Incentives for Sustainable Aviation Fuel
- Provide a Production Tax Credit for Low-Carbon Hydrogen
- Extend and Enhance Energy Efficiency and Electrification Incentives
- Provide a Disaster Mitigation Tax Credit
- Expand and Enhance the Carbon Oxide Sequestration Credit
- Extend and Enhance the Electric Vehicle Charging Station Credit
- Reinstate Superfund Excise Taxes and Modify Oil Spill Liability Trust Fund Financing

AMERICAN FAMILIES PLAN

Strengthen Taxation of High-Income Taxpayers

- Increase the Top Marginal Income Tax Rate for High Earners
- Reform the Taxation of Capital Income
- Rationalize Net Investment Income and Self-Employment Contributions Act Taxes

Support Workers, Families, and Economic Security

- Make Permanent the American Rescue Plan Expansion of Premium Tax Credits
- Make Permanent the Expansion of the Earned Income Tax Credit (EITC) for Workers Without Qualifying Children
- Make Permanent American Rescue Plan Changes to the Child and Dependent Care Tax Credit
- Extend the Child Tax Credit Increase Through 2025 and Make Permanent Full Refundability
- Increase the Employer-Provided Childcare Tax Credit for Businesses

Close Loopholes

- Tax Carried (Profits) Interests as Ordinary Income

- Repeal Deferral of Gain from Like-Kind Exchanges
- Make Permanent Excess Business Loss Limitation of Noncorporate Taxpayers

Improve Compliance

- Provide the IRS the Resources to Address Sophisticated Tax Evasion Through Sustained, Multi-Year Mandatory Appropriation
- Introduce Comprehensive Financial Account Reporting to Improve Tax Compliance

Improve Tax Administration

- Increase Oversight of Paid Tax Return Preparers
- Enhance Accuracy of Tax Information
- Expand Broker Information Reporting with Respect to Crypto Assets
- Address Taxpayer Noncompliance with Listed Transactions
- Modify Tax Administration Rules
- Authorize Limited Sharing of Business Tax Return Information to Measure the Economy More Accurately

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