

U.S. DEPARTMENT OF THE TREASURY

U.S. Department of the Treasury Releases Greenbook, Outlining Tax Proposals Will Help Build a Better America

March 28, 2022

[View the full Greenbook here.](#) 

“This Budget continues the economic momentum and deficit reduction the President set in motion through smart, fiscally sound investments in the security, health, and prosperity of the nation. This Budget also furthers a fairer, more efficient tax code that will allow funding for key fiscal priorities that promote opportunity for every American.”

—Secretary of the Treasury Janet L. Yellen

WASHINGTON—Today, President Joe Biden released the FY2023 Budget to propose critical investments that will prioritize security at home and abroad, bolster the economy, promote health, tackle climate change, and further opportunity for all.

Under President Biden, America is on the move again. The President’s strategy to grow our economy from the bottom up and the middle out has helped jumpstart the strongest economic growth in nearly 40 years. Unemployment plummeted at the fastest rate in recorded history, and the deficit is on track to drop by over \$1.3 trillion this year—the largest-ever one-year decline.

The proposed Budget provides smart, fiscally responsible investments—cutting deficits and keeping the economic burden of debt low. The Budget’s investments are more than fully paid for through tax code reforms requiring corporations and the wealthiest Americans to pay their fair share, closing loopholes, and improving tax administration.

Alongside the Budget, today, the U.S. Department of the Treasury released a document to explain the Administration’s revenue proposals included in the budget – the General Explanations of the Administration's FY2023 Revenue Proposals, or “Greenbook.” The Greenbook further describes revenue measures in the FY2023 Budget including:



- **Reform Business and International Taxation**

- Raise the Corporate Income Tax Rate to 28 Percent
- Adopt the Undertaxed Profits Rule
- Provide Tax Incentives for Locating Jobs and Business Activity in the United States and Remove Tax Deductions for Shipping Jobs Overseas
- Prevent Basis Shifting by Related Parties through Partnerships
- Conform Definition of “Control” with Corporate Affiliation Test
- Expand Access to Retroactive Qualified Electing Fund Elections
- Expand the Definition of Foreign Business Entity to Include Taxable Units

- **Support Housing and Urban Development**

- Make Permanent the New Markets Tax Credit
- Allow Selective Basis Boosts for Bond-Financed Low-Income Housing Credit Projects

- **Modify Fossil Fuel Taxation**

- Eliminate Fossil Fuel Tax Preferences
- Modify Oil Spill Liability Trust Fund Financing and Superfund Excise Taxes

- **Strengthen Taxation of High-Income Taxpayers**

- Increase the Top Marginal Income Tax Rate for High Earners
- Reform the Taxation of Capital Income
- Impose a Minimum Income Tax on the Wealthiest Taxpayers

- **Support Families and Students**

- Make Adoption Tax Credit Refundable and Allow Certain Guardianship Arrangements to Qualify
- Provide Income Exclusion for Student Debt Relief

- **Modify Estate and Gift Taxation**

- Modify Income, Estate and Gift Tax Rules for Certain Grantor Trusts



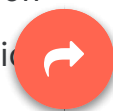
- Require Consistent Valuation of Promissory Notes
- Improve Tax Administration for Trusts and Decedents' Estates
- Limit Duration of Generation-Skipping Transfer Tax Exemption

- **Close Loopholes**

- Tax Carried (Profits) Interests as Ordinary Income
- Repeal Deferral of Gain from Like-Kind Exchanges
- Require 100 Percent Recapture of Depreciation Deductions as Ordinary Income for Certain Depreciable Real Property
- Limit a Partner's Deduction in Certain Syndicated Conservation Easement Transactions
- Limit Use of Donor Advised Funds to Avoid Private Foundation Payout Requirement
- Extend the Period for Assessment of Tax for Certain Qualified Opportunity Fund Investors
- Establish an Untaxed Income Account Regime for Certain Small Insurance Companies
- Expand Pro Rata Interest Expense Disallowance for Business-Owned Life Insurance
- Correct Drafting Errors in the Taxation of Insurance Companies Under the Tax Cuts and Jobs Act of 2017
- Define the Term "Ultimate Purchaser" for Purposes of Diesel Fuel Exportation

- **Improve Tax Administration and Compliance**

- Enhance Accuracy of Tax Information
- Address Taxpayer Noncompliance with Listed Transactions
- Amend the Centralized Partnership Audit Regime to Permit the Carryover of a Reduction in Tax that Exceeds a Partner's Tax Liability
- Incorporate Chapters 2/2A in Centralized Partnership Audit Regime Proceedings
- Authorize Limited Sharing of Business Tax Return Information to Measure the Economy More Accurately
- Impose an Affirmative Requirement to Disclose a Position Contrary to a Regulation
- Require Employers to Withhold Tax on Failed Nonqualified Deferred Compensation



Plans

- Extend to Six Years the Statute of Limitations for Certain Tax Assessments
 - Expand and Increase Penalties for Noncompliant Return Preparation and E-Filing and Authorize IRS Oversight of Paid Preparers
 - Address Compliance in Connection with Tax Responsibilities of Expatriates
 - Simplify Foreign Exchange Gain or Loss Rules and Exchange Rate Rules for Individuals
 - Increase Threshold for Simplified Foreign Tax Credit Rules and Reporting
- **Modernize Rules, Including those for Digital Assets**
 - Modernize Rules Treating Loans of Securities as Tax-Free to Include Other Asset Classes and Address Income Inclusion
 - Provide for Information Reporting by Certain Financial Institutions and Digital Asset Brokers for Purposes of Exchange of Information
 - Require Reporting by Certain Taxpayers of Foreign Digital Asset Accounts
 - Amend the Mark-to-Market Rules for Dealers and Traders to Include Digital Assets
- **Improve Benefits Tax Administration**
 - Clarify Tax Treatment of Fixed Indemnity Health Policies
 - Clarify Tax Treatment of On-Demand Pay Arrangements
 - Rationalize Funding for Post-Retirement Medical and Life Insurance Benefits

[Greenbooks from all previous years are available here](#)

