

U.S. DEPARTMENT OF THE TREASURY

U.S. Department of the Treasury Outlines Tax Proposals to Reduce the Deficit, Lower Costs for Working Families, and Ensure the Wealthy and Large Corporations Pay their Fair Share

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WASHINGTON—Today, the U.S. Department of the Treasury released the General Explanations of the Administration’s Fiscal Year 2025 [Revenue Proposals](#), or “Greenbook,” to explain the revenue proposals included in President Joe Biden’s budget.

The Greenbook outlines critical tax proposals that will support President Biden’s investments in the American people by ensuring the wealthy and large corporations pay their fair share, lowering costs for hard-working families, and further reducing the deficit.

“President Biden’s budget proposal builds on America’s historic economic recovery by making fiscally responsible investments to grow the economy over the medium and long term and lowering costs for working families in key areas, including health care and housing,” said **U.S. Secretary of the Treasury Janet L. Yellen**. “The investments in the President’s budget are fully paid for, and the budget would reduce deficits by approximately \$3 trillion through a combination of smart savings and tax proposals that ensure wealthy individuals and large corporations pay their fair share.”

Under President Biden, the United States has experienced historic economic progress. Thanks to President Biden’s policies, the U.S. saw the fastest, most equitable economic recovery in its history. The President’s long-term strategies have since sustained an unemployment rate below 4% for more than two years, the longest stretch in more than 50 years, increased real wages for Americans to above pre-pandemic levels, reduced inflation by more than 2/3 from its peak, and led to robust GDP growth which has blown past expectations.

The President’s FY25 budget will build on this momentum by continuing to lower costs for working families, investing in America and the American people, protecting and strengthening Social Security and Medicare, and further reducing the deficit by cracking down on tax evasion by the wealthy, cutting wasteful spending, and making the wealthy and corporations pay their fair share.

The Administration's revenue proposals would ensure that the wealthy and large corporations pay their fair share and, in doing so, fully pay for the investments proposed in the President's Budget while generating roughly \$3 trillion in additional deficit reduction over the next decade. The proposals would also lower costs by expanding key tax credits for workers and families.

Key revenue proposals in the Greenbook would:

- **Ensure the wealthy and large corporations pay their fair share, by:**
 - **Implementing a global minimum tax** that will strengthen the taxation of corporations' foreign income by ensuring that all multinationals pay at least a 21% minimum rate on their earnings in each jurisdiction, thereby stopping the race to the bottom on corporate tax rates and leveling the playing field for U.S. businesses.
 - **Increasing the corporate minimum tax rate to 21%** to align with the global minimum tax rate.
 - **Implementing a Billionaire Minimum Tax** of 25% on the wealthiest taxpayers to ensure the top 0.01 percent pay taxes on their income as they go, just like everyone who earns a paycheck.
 - **Raising the tax rate on corporate stock buybacks from 1% to 4%** to reduce the differential tax treatment between buybacks and dividends and encourage businesses to reinvest profits in their workers and in the company's growth.
 - **Denying corporate tax deductions for employee compensation in excess of \$1 million** paid to any employee by both publicly and privately owned C corporations.
 - **Closing Medicare tax loopholes and extending solvency of the Medicare Trust Fund indefinitely** by expanding the Net Investment Income Tax on income over \$400,000 to cover all pass-through business income not otherwise covered by the Net Investment Income Tax or self-employment taxes, and by increasing the additional Medicare tax rate and the Net Investment Income Tax rate by 1.2 percentage points above \$400,000 for a total Medicare tax rate of 5% on high-income taxpayers.
- **Lower costs for workers and families, by:**
 - **Making permanent expanded tax credits for health insurance** that were first enacted in the American Rescue Plan and extended in the Inflation Reduction Act.
 - **Expanding the Child Tax Credit and making it fully refundable and available in advance monthly**, a more practical solution to ensure that families can receive relief when they need it most instead of in one lump sum at the end of the year. In 2021, the

expanded CTC cut child poverty nearly in half and helped bring child poverty to a historic low.

- **Expanding the Earned Income Tax Credit** to cover more workers without children.
- **Expanding and enhancing the Low-Income Housing Tax Credit**, the largest federal incentive for affordable housing construction and rehabilitation, to boost the supply of housing that is affordable for low-income renters.
- **Make additional smart, common-sense reforms to the tax code.**
 - **Close the carried interest loophole** that allows investment fund managers to reduce the taxes they owe on their earnings by characterizing them as investment gains rather than wages.
 - **Close estate and gift tax loopholes** that allow the wealthy to reduce their tax by using complicated trust arrangements to transfer their assets to their heirs.
 - **Close life insurance loopholes** that allow the wealthy to avoid tax on what are effectively customized investment products.

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