A List of Joe Biden's Tax-related Campaign Proposals: Crowe

By Editorial Staff *Wed, Dec 2, 2020*

'Even if major tax legislation is unlikely, the executive branch has regulatory tools at its disposal to impact tax policies,' said Gary Fox, managing partner of tax services at Crowe.

Crowe, a global public accounting, consulting and technology firm based in the US, has created a list of President-elect Joe Biden campaign proposals to "provide insight into how individual, corporate, energy, employment, retirement and healthcare taxation could support his non-tax policy agenda."

"We expect a new administration will focus on providing additional pandemic relief and stimulus, however, changes in tax policy could be on the horizon," said Gary Fox, managing partner of tax services at Crowe, in a release. "Even if major tax legislation is unlikely, the executive branch has regulatory tools at its disposal to impact tax policies."

Below are key aspects of Biden's campaign tax proposals, which provide a window into tax policy changes that could occur in his administration.

Individual tax

- Raise the top marginal tax rate 2.6% for income over $400,000
- Remove the tax rate preference for capital gains and qualified dividends for income over $1 million by taxing them at ordinary rates
- Keep the 3.8% net investment income tax
- Support the provision in the House-passed Health and Economic Recovery Omnibus Emergency Solutions Act (HEROES Act) that eliminates the cap on the deduction for state and local taxes for 2020 and 2021
- Limit total itemized deductions so the reduction in tax liability per dollar of deduction does not exceed 28%. Taxpayers in tax brackets higher than 28% will have limited benefit of itemized deductions
- Phase out the 20% pass-through deduction for income over $400,000
- Beginning with the 2020 tax year, increase the child tax credit to $3,000 ($3,600 for children under 6), make it refundable and allow for advance payment of the credit
- Raise the child-care credit from the current maximum of $1,200 to $8,000 for one child and to $16,000 for two or more children with income up to $125,000 per year
- Expand the earned income tax credit to workers older than 65 who do not have a qualifying child
- Enact a $5,000 tax credit for family caregivers of people who have certain physical and cognitive needs

- Enact a refundable, advance-able tax credit of up to $15,000 for first-time homebuyers
- Enact a renter's tax credit, designed to reduce rent and utilities to 30% of income for low-income taxpayers
- Exclude forgiven student loan debt from taxable income
- Eliminate stepped-up basis on transfers of appreciated property at death
- Raise the estate tax to 2009 levels (possibly a 45% rate and an acceleration of the reduced exemption amount)

Corporate tax

- Raise the corporate tax from 21% to 28%
- Require C corporations with more than $100 million in book income to pay the greater of normal corporate tax liability or 15% of book income
- Eliminate all deductions for expenses to advertise prescription drugs
- Increase the depreciable life of rental real estate
- Eliminate the deferral of capital gains from like-kind exchanges for real estate
- Establish incentives for opportunity zone funds to partner with nonprofit or community-oriented organizations and jointly produce a community benefit plan for each investment – require reporting, public disclosure of community impact and Treasury oversight
- Enact a 10% offshoring surtax (on top of the current 28% rate) on U.S. company profits from overseas production for sale in the U.S. and for call centers and services serving the United States
- Double the global intangible low-taxed income rate to 21% and close certain loopholes
- Implement anti-inversion regulations and penalties
- Deny deductions for moving production and jobs overseas
- Impose sanctions on countries that "facilitate illegal corporate tax avoidance and engage in harmful tax competition"
- Establish a Made in America tax credit for revitalizing existing closed or closing facilities, retooling any facility to advance manufacturing competitiveness and employment, bringing production jobs back to the U.S., expanding job-creating efforts or expanding manufacturing payroll
- Expand and make permanent the new markets tax credit
- Establish the manufacturing communities tax credit, and fund the credit for five years to reduce the tax liability of businesses that experience workforce layoffs or a major government institution closure
- Expand the work opportunity tax credit to include military spouses
- Expand the low-income housing tax credit
- Establish a workplace childcare facility tax credit of up to 50% of an employer's first $1 million in costs for qualified on-site childcare

Energy tax

- Make the electric motor vehicle tax credit permanent, repeal the per-manufacturer cap and phase out the credit for taxpayers with income above $250,000
- Expand tax deductions for energy retrofits, smart metering systems and other emissions-reducing investments in commercial buildings
- Reinstate the solar investment tax credit
- Reinstate tax credits for residential energy efficiency
- Eliminate certain tax subsidies for oil, gas and coal production, including expensing exploration costs and percentage depletion cost recovery rules
- Enhance tax incentives for carbon capture, use and storage
- Establish tax credits and subsidies for low-carbon manufacturing

Employment, retirement and healthcare tax

- Tighten the rules for classifying independent contractors by increasing penalties for misclassification
- Raise payroll taxes for workers with more than $400,000 in earnings by increasing the maximum threshold from $137,700 to $400,000 over time
- Increase tax preferences for middle-income taxpayer contributions to 401(k) plans and individual retirement accounts (IRAs)
- Replace the deduction for worker contributions to traditional IRAs and defined-contribution pensions with a refundable tax credit
- Provide automatic enrollment in IRAs for workers who do not have a pension or 401(k)-type plan
- Offer tax credits to small businesses to offset the costs of workplace retirement plans
- Support informal caregivers by allowing them to make catch-up contributions to retirement accounts, even if they're not earning income in the formal labor market
- Increase tax benefits for older Americans who purchase long-term care insurance using their retirement savings
- Establish a refundable tax credit that would reimburse companies as well as not-for-profit organizations for the extra costs of providing full health benefits to all of their workers during a period of work-hour reductions
- Increase eligibility for the premium tax credit by raising eligibility limits and increase the amount of the credit so eligible taxpayers can enroll in more generous health plans
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