
Major Tax Changes for Individuals Approved by House Ways & Means Committee

By No Author *Thu, Sep 16, 2021*

Major Tax Changes for Individuals in House Ways & Means' 'Responsibly Funding Our Priorities' Proposal

§ 138201. Increases the top marginal income tax rate to 39.6% on taxable incomes over \$450k (for couples filing jointly), \$425k (heads of households), \$400k (singles) and \$225k (couples filing separately).

§ 138202. Raises the capital gains tax rate to 25%.

§ 138204. Sets the maximum deduction for qualified business income at \$500k for a joint return, \$400k for an individual return, \$250k for a married individual filing separately, and \$10k for a trust or estate.

§. 138206. Adds tax of 3% surtax on incomes over \$5m (\$2.5m for couples filing separately).

§. 138207. Reverts the unified credit against estate and gift taxes to its 2010 level of \$5m per person, indexed for inflation.

§. 138301. Prohibits adding to a Roth or traditional IRA for persons with over \$10 million already in qualified accounts.

§. 138302. Requires a minimum annual distribution of 50% of the amount over \$10 million in qualified accounts.

§. 138311. Eliminates the 'back door' conversions of non-deductible contributions to a traditional IRA to a Roth IRA.

Source: House Ways and Means Committee, September 13, 2021.