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A change in course
Tax policy implications of the Joe Biden presidency

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Contents

Introduction

More than two months after the nation went to the polls on election day, questions around who will control the levers of power in the White House and on Capitol Hill are now finally settled.

Joe Biden will become the 46th president of the United States and will assume responsibility for the nation's tax and spending policy at noon on January 20. Members of the electoral college finalized their votes on December 14, and those results were certified by Congress on January 7.

The House, as expected, remains under Democratic control in the 117th Congress, which officially convened on January 3, although Democrats will be governing with a far smaller majority than they did in the previous two years. Democrats currently hold 222 House seats, Republicans hold 211, and two seats are vacant. (One race in New York still has not been finalized, and GOP Rep.-elect Luke Letlow of Louisiana died shortly before new members were sworn in.) At the start of the 116th Congress in 2019, Democrats held 235 seats, compared with 200 for Republicans.

The Democratic majority in the House will shrink further, at least temporarily, as three House Democrats are expected to leave Congress to accept positions in the Biden administration.

In the Senate, Democrats appear to have gained the majority following the two runoff races in Georgia held on January 5. Several news organizations have declared Democratic challengers Raphael Warnock and Jon Ossoff the winners in their respective races against GOP incumbent Sens. Kelly Loeffler and David Perdue, although those results still must be officially certified by the state. Once the results are certified and Warnock and Ossoff are seated, Democrats and Republicans will hold 50 seats each in the new Congress. (The Democratic headcount includes two independents who caucus with that party.)

Democrats effectively will control the chamber after Biden is inaugurated, however, since incoming Vice President Kamala Harris, in her role as president of the Senate, will cast the tiebreaking vote whenever lawmakers are deadlocked. Similarly, because any tie votes in the final days of the Trump administration would be broken by Vice President Pence, the GOP retains the majority until the Biden administration takes office.

This updated version of *A change in course: Tax policy implications of the Joe Biden presidency* reviews the tax policy agenda that President-elect Biden laid out on the campaign trail. It also provides an expanded discussion of how the makeup of the new Congress and the priorities of key decision-makers at the leadership level and on the two taxwriting committees may affect Biden's ability to advance his tax agenda.

Biden's vision: Readjusting the tax burden

Although the economic impact of the coronavirus pandemic (and the federal response to it) dominated the fiscal policy debate during the campaign, one of the issues implicitly on the ballot was the fate of the tax code overhaul—known informally as the Tax Cuts and Jobs Act (TCJA, P.L. 115-97)—which congressional Republicans approved and President Trump signed into law in 2017. Among other things, TCJA lowered the tax burden for many businesses, whether structured as corporations or passthrough entities, as well as for individuals, trusts, and estates—although for budgetary and procedural reasons, the individual and passthrough provisions are generally scheduled to expire at the end of 2025. TCJA's corporate and business provisions are generally permanent, although there are certain changes on this side of the code that phase in or out before 2025.

Biden campaigned on the premise that TCJA's benefits are skewed to large corporations and wealthy individuals and that the federal income tax system needs to be retooled to ensure that these taxpayers are contributing "their fair share." To that end, he proposed higher top income tax rates, along with "base-broadeners" that would limit or eliminate various incentives currently available to these taxpayers.

Under Biden's plan, revenue generated from these proposed changes to the tax code—which could range from roughly $2.4 trillion to slightly more than $3.3 trillion between 2021 and 2030, according to estimates from various nonpartisan think tanks—would be used to provide tax relief for lower- and middle-income taxpayers and pay for spending priorities, such as improving the nation's infrastructure and health care, developing alternative energy sources, and building up the US manufacturing sector.

Find out more

The discussion that follows offers a high-level overview of where Biden stands on key policy issues related to corporate and individual taxes, the projected revenue impact of his proposals, and some of the factors that may influence the types of tax code changes he can get enacted into law. Quick reference tables compare Biden's more notable business and individual tax proposals with current law.

A few significant caveats are worth keeping in mind. First, very little detail is currently available on many of the proposals Biden has put forward. Over the course of the campaign, he did not release detailed tax policy papers to the public or deliver a substantial, tax-focused economic address. The proposals discussed here are gleaned largely from statements on Biden's campaign website, as well as from comments made during Democratic primary debates, rallies, campaign speeches, and briefings to reporters. (Details on and links to sources are included in the side-by-side comparison tables beginning on page 14.)

It is also worth remembering that former President Barack Obama put forward numerous detailed tax policy proposals as part of his budget submissions to Congress, as well as a general framework for business tax reform that was released in 2012 and updated in 2016. Some of the proposals laid out in these documents—notably, setting the corporate tax rate at 28 percent, closing the gap between "book" and "tax" income, and repealing "stepped-up" basis for purposes of the estate tax—are already reflected in Biden's policy positions, and others may influence his policies going forward.

Finally, it is also important to note that generally tax policy originates in Congress, not the White House, so any new tax laws enacted in the Biden administration will necessarily also carry the imprimatur of the legislative branch with its many competing interests and priorities. (We discuss how the incoming 117th Congress could shape what Biden can get enacted into law in a separate chapter beginning on page 12.)

Corporate and business tax proposals

One of the signature provisions of the Tax Cuts and Jobs Act was the reduction in the corporate tax rate to 21 percent from its prior-law level of 35 percent. Biden proposes to increase that rate to 28 percent.

Although Biden has not mentioned this explicitly, it is worth noting that an increase in the corporate tax rate would automatically trigger changes elsewhere in the tax code—for example, in the rate imposed on global intangible low-taxed income (GILTI) and foreign-derived intangible income (FDII), both of which are tied to the corporate income tax rate. To a lesser extent, it also could have implications for the deduction for passthrough income under section 199A and for the estate tax.

Base erosion and minimum taxes

In addition to increasing the tax rate, Biden also would make it more difficult for certain corporate and individual taxpayers to significantly reduce or eliminate their tax liability through proposals to:

- Increase the effective tax rate on GILTI earned by US-based multinationals (a TCJA provision aimed at addressing base erosion) to 21 percent from its current level of 10.5 percent in effect through 2025. (Under TCJA, the effective tax rate on GILTI is scheduled to increase to 13.125 percent beginning in 2026.) He also would eliminate the exemption from GILTI for a 10 percent return on the average adjusted basis of foreign tangible property. GILTI would be calculated on a country-by-country basis, which would, in general, prevent taxpayers from offsetting GILTI amounts between high-tax and low-tax countries.
- Impose a 15 percent minimum tax on book income for companies that report net income of more than $100 million for financial statement purposes but owe no US income tax. (As with most of the proposals outlined in this publication, Biden did not provide additional details during the campaign that would permit a more robust discussion and analysis.)

Offshoring and redomestication of US jobs

Biden would encourage domestic manufacturing—and discourage offshoring of US jobs and production activity—through a combination of tax penalties and incentives.

He has called for an "offshoring tax penalty" that would impose a 10 percent surtax—on top of his proposed 28 percent corporate rate—on the profits of foreign production (including call centers and services) intended for sale back into the United States. As a result, according to a campaign fact sheet, "[c]ompanies would pay a 30.8 percent tax rate on any such profits." The plan would also deny deductions associated with moving jobs and production offshore while also implementing "strong anti-inversion regulations and penalties."

Biden also has proposed an advanceable "Made in America" credit of 10 percent that could be applied to several enumerated categories of qualifying expenses, including those related to returning production to the United States, revitalizing existing closed or closing manufacturing facilities, incrementally increasing wages paid to US manufacturing workers, and retooling facilities to advance manufacturing competitiveness and employment.

Taxation of passthrough business income

Biden proposes to tighten tax benefits currently available to owners of large passthrough entities, who are taxed as individuals, by phasing out the deduction under section 199A (another significant TCJA provision currently scheduled to expire after 2025) for taxpayers with income of more than $400,000.

Sector-specific proposals

Beyond his call to increase the corporate tax rate generally, Biden would raise taxes on specific business sectors through proposals to repeal certain current-law tax preferences and impose new targeted fees and fines. Proposals released to date include:

- Eliminating "unproductive tax cuts for high-income real estate investors" (those with income of more than $400,000)—something many taxpayer groups and press reports have interpreted to mean repealing (or further limiting) the like-kind exchange rules;
- Imposing a fee on certain liabilities of financial institutions with more than $50 billion in assets (something proposed in several Obama administration budget blueprints and in its 2016 business tax reform framework);
- Repealing the deduction for direct-to-consumer advertising expenses of pharmaceutical companies and imposing a tax penalty on pharmaceutical companies that increase drug costs by more than the rate of inflation; and
- Repealing certain current-law tax incentives for the fossil fuel industry. Although a plank of the 2020 Democratic party platform that specifically called for eliminating these provisions was deleted before ratification at the Democratic National Convention in August, Biden doubled down on the notion of terminating fossil fuel incentives and transitioning to a "green" energy economy during the final presidential debate in Nashville on October 22.

Conversely, Biden proposes to use the tax code to promote other industry sectors—most notably, alternative energy. Here, for example, his proposals include permanently extending the investment tax credit for solar energy, expanding deductions for emissions-reducing investments, and creating new incentives to encourage the development of a low-carbon manufacturing sector.

Community and workforce development incentives

Biden would retain TCJA's Opportunity Zone program, which allows tax-deferred capital gains and additional benefits for certain investments in economically distressed communities, although he would reform it to promote transparency and ensure that these incentives are only directed to projects providing "clear economic, social, and environmental benefits to a community."

Biden also would expand the new markets tax credit and make it permanent, expand the work opportunity tax credit, create a new "manufacturing communities credit" to encourage investment in communities affected by mass job losses, expand the low-income housing tax credit, and create a new tax credit for employers who hire workers with disabilities.

Individual tax proposals

Biden proposes to raise taxes on individuals with taxable income greater than $400,000, although it is unclear whether this threshold would apply to single taxpayers or to joint filers. Certain think tanks have taken the position that the $400,000 threshold generally would apply on a household basis, but would be halved for married taxpayers filing separately. Biden's proposal to impose payroll taxes on wage income of more than $400,000 (discussed further below) would apply on a per-taxpayer basis.

But unlike some of his former rivals for the Democratic presidential nomination—most notably, Vermont Sen. Bernie Sanders and Massachusetts Sen. Elizabeth Warren—Biden has not proposed an annual "wealth tax" that would be imposed on affluent individuals based on their net worth. Instead, he has adopted a fairly traditional approach to redistributing the tax burden that calls for higher taxes on realized income (from wages and capital gains) and on the value of an individual's estate at death (beyond an exemption threshold).

Income tax rates and deductions

Biden's tax plan calls for restoring the top rate on ordinary income to its pre-TCJA level of 39.6 percent. (TCJA reduced the top rate to 37 percent through 2025, when it is scheduled to revert back to 39.6 percent). Biden also proposes to cap the value of itemized deductions at 28 percent and restore the so-called Pease limitation on itemized deductions, which was repealed under the TCJA through 2025.

Capital gains and dividends, carried interests

Under Biden's plan, income from long-term capital gains and certain dividends would be taxed at ordinary rates for individuals with income of more than $1 million. All income from so-called carried interests likewise would be taxed at ordinary rates. (Under TCJA, carried interests held for more than three years are generally taxed at preferential long-term capital gains rates.)

Transfer taxes

Biden has not released a formal, comprehensive proposal to address the estate, gift, and generation-skipping transfer tax, although at different points in the campaign, he signaled his position on the key elements of a future plan.

He specifically has expressed support for returning the estate tax to the levels in effect in 2009—that is, a top rate of 45 percent and an exemption of $3.5 million per taxpayer.

Congress set the estate tax rate at 40 percent and the exemption amount at $5 million per spouse (indexed annually for inflation) in the American Taxpayer Relief Act of 2012 (P.L. 112-240). In drafting TCJA in 2017, lawmakers left the 40 percent rate in place, but doubled the exemption amount to $10 million per taxpayer with an annual adjustment for inflation through 2025. (The exclusion for 2020 is $11.58 million per single taxpayer.) Without congressional intervention, the exclusion will revert to its pre-TCJA level—a base exemption of $5 million per taxpayer, indexed annually for inflation—beginning in 2026.

Biden also has called for repealing the basis step-up for inherited assets. (Although the exact contours of this policy remain unknown, an Obama administration budget proposal in this area would generally have taxed the donor on appreciated property at death, subject to a $100,000 per-person exclusion portable to one's spouse.)

Payroll taxes

Biden proposes to shore up future Social Security shortfalls through payroll tax changes targeting upper-income wage earners. Currently, a payroll tax of 12.4 percent is equally split between employers and employees on the first $137,700 of an employee's wages (the wage cap for 2020, indexed for inflation). An additional 2.9 percent tax, again equally divided, to help fund Medicare is not similarly income-capped. Biden would expand the payroll tax regime by establishing a second threshold at which the Social Security portion of the payroll tax would be imposed. Under his plan, the Social Security payroll tax would apply to:

- Wages up to the inflation-adjusted limit under current law ***and***
- Wages above $400,000.

The result would be a "donut hole" where wages above the current-law threshold (adjusted for inflation) and below $400,000 would not be subject to the payroll tax. The plan is silent on whether the $400,000 threshold amount would also be inflation-adjusted.

Expanded middle-class tax incentives

Biden's proposals to increase taxes on wealthier individuals are earmarked to help finance an expanded slate of family-focused tax incentives benefiting middle- and lower-income taxpayers.

Child tax credit: Biden has called for a temporary expansion of the child tax credit to help mitigate the economic impact of the coronavirus pandemic. His proposal, which is based on a provision in the Heroes Act (H.R. 6800), the estimated $3.4 trillion economic recovery package that was approved by the House of Representatives on May 15, would increase the credit amount to $3,000 per child for children ages 6 to 17 and $3,600 for children younger than 6 and would make the credit fully refundable. According to a campaign document, the expanded credit would be available "for 2021 and then as long as economic conditions require."

Child care and family caregiving: Biden has proposed to address the cost of child care by increasing the child and dependent care tax credit to a maximum of $8,000 for one child and $16,000 for two or more children while also making the credit refundable. As proposed, the credit is intended to cover up to one-half of a family's annual cost of child care for children younger than 13, although it would be phased out for families with higher incomes.

He has also proposed a new $5,000 tax credit to help informal caregivers cover expenses incurred in caring for other family members—for example, those who are elderly, have disabilities or chronic health conditions, or are military service members or veterans dealing with service-related illnesses or injuries. While details are scant, it is generally believed these and other new tax credits would be income-capped to prevent the benefits from being taken by those deemed to have sufficient resources to meet those costs without the tax incentive.

Housing: To address the cost of housing, Biden would create an advanceable and refundable "First Down Payment" tax credit of up to $15,000 for certain first-time home buyers, a credit for families who rehabilitate properties in distressed communities, and a renter's tax credit designed to cap rent and utilities at 30 percent of income for qualifying low-income households.

Consumer-focused energy incentives: To encourage energy efficiency generally and promote greater use of alternative energy sources, Biden has proposed to the restore the full electric vehicle tax credit and modify it to target middle-class consumers, restore the tax credit for residential energy-efficiency improvements, and permanently extend the residential solar investment tax credit.

Retirement savings: Biden also proposes to "equalize" the treatment of defined contribution retirement plans to make the tax benefits of saving for retirement more broadly available to middle- and lower-income taxpayers. He has not specified how, but some analysts assume his plan would include replacing the current-law deduction for IRA contributions with a refundable tax credit. He also would change the retirement savings rules by allowing family caregivers to make "catch-up" contributions to retirement accounts even if they are not earning income in the formal labor market and by making it easier for survivors of domestic violence to gain penalty-free access to retirement funds to cover certain emergency expenses.

Economic impact

Many of the provisions in Biden's tax platform—such as his proposals to levy a 15 percent minimum tax on the book income of companies that report net income of more than $100 million but owe no US income tax and, on the individual side of the code, to tax unrealized capital gains at death—lack the technical detail to produce precise estimates of their impact on federal revenues. However, based on available details and some assumptions regarding how certain proposals would operate (for example, looking to the parameters of comparable budget proposals put forward by the former Obama-Biden administration), the Tax Policy Center, a nonpartisan Washington-based think tank, released an analysis in October indicating that Biden's tax plan would on net increase federal receipts by an estimated total of about $2.4 trillion between 2021 and 2030. (The Tax Policy Center's analysis updates its prior estimates from March 2020, which pegged Biden's total tax increase at about $4 trillion. The sizable difference is attributable to, among other things, a revised economic outlook and new proposals rolled out by Biden in the intervening period, including a substantial increase in the child tax credit).

Of that roughly $2.4 trillion total, about $1 trillion would come from proposals to raise taxes on individuals and estates (as well as phasing out the section 199A deduction on qualified business income), while nearly $1.4 trillion would fall on corporations.

It is important to note that other think tanks and budget-focused groups have performed their own revenue estimates of Biden's tax plan that, broadly speaking, land in the same ballpark. For example, the American Enterprise Institute predicts the Biden plan would raise more revenue—about $2.8 trillion between 2021 and 2030—while the Tax Foundation suggests his plan would raise slightly more than $3 trillion over the same time frame based on conventional scoring methodologies.

Notable revenue-raising proposals

Among the larger revenue-raising provisions according to the Tax Policy Center are Biden's proposals to:

- Increase the top corporate tax rate to 28 percent (estimated 10-year revenue increase: $727 billion);
- Increase the GILTI effective rate to 21 percent and require GILTI to be calculated on a country-by-country basis (estimated 10-year revenue increase: $705 billion);
- Impose a 15 percent minimum tax on the book income of certain US firms (estimated 10-year revenue increase: $109 billion);
- Establish a financial risk fee on certain large financial institutions (estimated 10-year revenue increase: $84 billion);
- Eliminate tax preferences for the fossil fuel industry (estimated 10-year revenue increase: $25 billion);
- Restore pre-TCJA income tax rates and the Pease limitation on taxpayers with income of more than $400,000 (estimated 10-year revenue increase: $163 billion);
- Tax capital gains and dividends at the same rate as ordinary income for taxpayers with income of more than $1 million and tax unrealized capital gains at death (estimated 10-year revenue increase: $373 billion);

- Limit the value of itemized deductions to 28 percent (estimated 10-year revenue increase: $224 billion);
- Phase out the section 199A deduction on certain passthrough business income for taxpayers with income of more than $400,000 (estimated 10-year revenue increase: $143 billion);
- Apply the 12.4 percent Social Security payroll tax to wages of more than $400,000 (estimated 10-year revenue increase: $740 billion);
- Tighten tax enforcement and audits with respect to high-income individuals (estimated 10-year revenue gain, net of new enforcement spending: $36 billion); and
- Tighten rules for classifying workers as employees versus independent contractors (estimated 10-year revenue increase: $11 billion).

Notable revenue-losing proposals

Items in Biden's tax plan that would significantly reduce federal revenues include proposals to:

- Increase and make refundable the child and dependent care tax credit (estimated 10-year revenue loss: $113 billion);
- Temporarily increase the child tax credit and make fully refundable (estimated 10-year revenue loss: $242 billion);
- Establish a $15,000 refundable credit for first-time home buyers (estimated 10-year revenue loss: $208 billion);
- Establish a refundable low-income renter's credit (estimated 10-year revenue loss: $53 billion);
- Reinstate the tax credit for residential energy efficiency improvements, and restore the full electric vehicle credit and target it toward middle-class consumers (estimated 10-year revenue loss: $47 billion);
- Establish automatic IRAs and offer a credit to small businesses for establishing a retirement plan (estimated 10-year revenue loss: $13 billion);
- Replace deductions for worker contributions to IRAs and defined contribution plans with a flat 26 percent refundable credit (estimated 10-year revenue loss: $151 billion);
- Provide a 10 percent credit for incremental investments in domestic manufacturing (estimated 10-year revenue loss: $230 billion);
- Expand and make permanent the new markets tax credit (estimated 10-year revenue loss: $41 billion);
- Restore and make permanent the investment tax credit for solar energy (estimated 10-year revenue loss: $24 billion); and
- Expand the low-income housing tax credit (estimated 10-year revenue loss: $9 billion).

Distribution

The Tax Policy Center projects that the vast majority of the revenue increases included in Biden's plan would fall on wealthier taxpayers, with those in the top 1 percent of the income distribution (those with incomes of more than $788,000) facing a 15.9 percent decrease in after-tax income in 2022 relative to current law, or about $266,000 on average, under a hypothetical scenario in which the plan is fully implemented at that time. By contrast, a taxpayer in the middle fifth of the income distribution—with income between about $50,000 and $89,000—would face a 1.0 percent average increase in after-tax income, equating to about $620 in that same year.

Notably, the net tax cut among middle-quintile households in 2022 is attributable in part to Biden's proposed temporary expansion of the child tax credit, which the Tax Policy Center assumes would expire beginning in 2023. (The Biden campaign has said the proposal would be in effect "for 2021 and then as long as economic conditions require.") Under a separate set of distributional estimates for 2030, the Tax Policy Center sees a taxpayer in the middle quintile facing a small tax increase of $70, or 0.1 percent of after-tax income, relative to current law. In that same year, taxpayers in the top 1 percent of the income distribution would face a roughly 12 percent reduction in after-tax income, equating to about $265,000 on average.

Also contributing to the net tax increases for middle-income households over the long run under Biden's plan is the Tax Policy Center's view on the incidence of the corporate income tax, which it sees falling on shareholders and other owners of capital (80 percent) and labor (20 percent). Though Biden's platform ostensibly pledges to hold harmless taxpayers with incomes of less than $400,000, in essence, individuals at most income levels would, on average, bear some of the costs of Biden's proposed corporate tax changes, even if those increases would be small for most taxpayers, both in nominal terms and as a share of their after-tax income.

More precise estimates as budget process moves forward

As the Biden administration develops detailed tax proposals and sends them to Capitol Hill as part of the federal budget process, official revenue estimates will be developed by the Joint Committee on Taxation (JCT) staff. It is these JCT estimates that will be most relevant should Congress decide to act on Biden's proposals, either in whole or in part.

Exactly when the budget process for fiscal year 2022—the first year for which the Biden administration will submit a fiscal blueprint to Congress—will formally kick off is currently unclear. Federal law requires every presidential administration to submit its budget proposal for the coming fiscal year by the first Monday in February, which means the budget for fiscal year 2022 would be due on February 1, 2021. However, that deadline frequently slips—especially in years when a new president takes office. President Bill Clinton, for example, submitted his first budget blueprint (for fiscal 1994) on April 8, 1993; President George W. Bush submitted his first budget (for fiscal 2002) on April 9, 2001; President Obama submitted his first budget (for fiscal 2010) on May 7, 2009; and President Trump submitted his first budget (for fiscal 2018) on May 23, 2017.

Also relevant to Congress—and practitioners and other stakeholders, for that matter—will be the Treasury Department's so-called Green Book, which is typically released alongside the budget and provides a more detailed description of an administration's revenue policies, including more granular tax policy assumptions that underlie the White House's own budgetary estimates. Although the Trump administration never published a Green Book as part of its budget submissions to Congress, prior to 2017, the practice was fairly commonplace.

The politics of policymaking

The fact that President-elect Biden will be working with a Democratic Congress (albeit with slim majorities in both chambers) potentially clears a path to enacting some level of tax increases, especially for corporations and certain high-income individuals. However, while tax hikes for some taxpayers may be on the table, there are a number of factors likely to affect the shape, breadth, and timing of any legislative proposals that move through the two chambers in the 117th Congress.

State of the economy

First and foremost, the state of the US economic recovery from the impact of the coronavirus pandemic over the coming year is certain to be a significant consideration as the new administration develops its tax legislative agenda. Biden has already signaled that the coronavirus economic relief package signed into law in the closing days of the 116th Congress was just a "down payment" on the expansive proposal he intends to unveil in the early days of his administration. Separately, campaign advisers this past summer noted that Biden was not pledging to pay for temporary policies, suggesting that a short-term economic recovery package passed in early 2021 would not necessarily be accompanied by offsetting tax increases.

And as we move further into 2021, the new administration and Congress may be reluctant to pursue policies that would exacerbate job losses or business failures if large swaths of the economy are still struggling or fragile. Keep in mind, however, that Biden vowed before the pandemic to roll back the relevant portions of the 2017 tax overhaul as soon as he took office, and, at an October 15 town hall, he maintained that raising the corporate tax rate immediately would create jobs rather than imperil a recovery and that a higher top rate on taxpayers earning more than $400,000 would allow for investment in job-creating priorities such as infrastructure expansion. That being said, it is not clear whether congressional Democrats would be willing to press for large tax hikes in the near term if current conditions persist.

Priorities of Democratic congressional leaders

Indeed, even though the president sets the tax policy agenda, members of Congress will want to have their say in crafting legislation. And the truth, is Congress does not speak with one voice. The Democratic party is famous for its "big tent" that brings together politicians with widely disparate views on many issues, including tax policy, and finding common ground will be another factor influencing the legislative process in 2021 and 2022. While Democratic taxwriters are united in their general criticism of the Republicans' 2017 tax law, they have not, for the most part, weighed in on many of the specific proposals Biden laid out during his campaign, either with respect to undoing pieces of TCJA or making other tax policy changes.

House Democrats: The House Ways and Means Committee has been chaired by Rep. Richard Neal of Massachusetts since 2018, and Neal has successfully marshaled his members to advance legislation through the House aimed at promoting retirement security, temporarily suspending the TCJA cap on deducting state and local taxes, and expanding the earned income tax credit and the child tax credit.

Under his leadership, Ways and Means held numerous hearings to examine discrete aspects of TCJA that Democrats consider problematic, including what Neal dubbed the "disappearing corporate income tax," and the committee refused to negotiate on a package of technical corrections that Republicans sought that would amend specific language in the law, although a handful of such provisions that had bipartisan support were enacted earlier this year as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136).

Neal also was closely involved, alongside Rep. Nancy Pelosi of California, who is back for another term as House speaker, in the discussions between congressional Democrats and the Trump White House on funding for infrastructure before those talks irrevocably broke down in 2019.

More recently, he unveiled a proposal with Ways and Means Committee ranking member Kevin Brady, R-Texas, intended to make it easier for individuals to enroll in qualified retirement plans and save for retirement and make it less expensive and burdensome for small businesses and nonprofits to offer retirement plans to their employees.

Senate Democrats: Incoming Senate Majority Leader Charles Schumer of New York, who was previously a member of the Senate Finance Committee, and Sen. Ron Wyden of Oregon, who is taking over as Finance chairman, will be two of the most important Senate voices on tax legislation in the new Congress.

Among Wyden's priorities during his time as a taxwriter have been expanding renewable energy incentives, preventing and penalizing corporate inversions, simplifying the cost recovery system, tightening rules related to tax-favored retirement accounts, equalizing tax rates between ordinary and capital income, and strengthening donor disclosure requirements for certain tax-exempt organizations.

In 2019, he released a discussion draft describing a proposal that would require mark-to-market treatment of capital gains from tradable assets and address nontradable assets through a lookback charge, a concept championed by several Democratic candidates during the presidential primary campaigns (though not specifically endorsed by Biden). That same year, he introduced a proposal that would revamp the tax treatment of carried interest income.

For his part, Schumer has long taken an interest in the areas of business tax reform and international tax reform. While he has been critical of what he considers insufficient base erosion safeguards in TCJA, Schumer did at one point favor the move to a territorial-type system similar to what was enacted in 2017. (He and Senate Republican taxwriter Rob Portman of Ohio led a bipartisan Finance Committee working group on international taxation in 2015 and produced a report outlining possible reforms.) Wyden, on the other hand, supported shifting to a more "pure" worldwide tax system by repealing deferral on active foreign-source income—a position shared by the more liberal members of the party, including Sens. Bernie Sanders of Vermont and Elizabeth Warren of Massachusetts—although he would have balanced that with a 24 percent corporate tax rate in a bipartisan tax plan he introduced several years ago.

Narrow margins of control in Congress

The fact that Democrats will control both chambers of Congress by the narrowest of margins also may constrain the types of tax policy proposals that the Biden administration can get enacted into law.

In the House, Democrats will have the numbers to advance legislation on a party-line basis, although their slender majority leaves Speaker Pelosi and her leadership team with little room for error as they navigate the sometimes conflicting priorities of lawmakers in the progressive and moderate wings of the party. Their majority will shrink further—at least temporarily—in the coming weeks, as three House Democrats are slated to join the Biden administration: Rep. Deb Haaland of New Mexico has been tapped to be Secretary of the Interior; Ohio Rep. Marcia Fudge is being nominated to serve as Secretary of Housing and Urban Development; and Rep. Cedric Richmond of Louisiana will assume a senior role on the White House staff. (The three vacancies will be filled in special elections, and the departing lawmakers represent what generally are considered "safe" Democratic districts.)

In the Senate, Democrats will be able to rely on incoming Vice President Harris to act as the critical tie-breaking vote to pass legislation that is brought to the floor. Republicans, however, still would be in a position to control most of what can pass by invoking the filibuster, a procedural maneuver available to the minority party in the Senate to block legislation that does not have bipartisan support. Ending a filibuster requires a three-fifths supermajority of all duly elected senators. (Typically this means 60 votes, though that threshold can be lowered if there are vacancies caused by death or resignation.)

Use of the filibuster was relatively rare until this century, but it has become routine in recent years and no longer even entails senators holding the floor by talking for hours on end. Now, the mere certainty that a particular bill cannot garner even a few votes from the other side of the aisle for the supermajority needed to survive a procedural motion dooms it to the filibuster pile and effectively renders it dead.

This possibility would put the onus on Democratic leaders and the Biden White House to get some level of buy-in from Republicans to move tax legislation through the chamber. Given Biden's reputation for working across the aisle during his time in the Senate and as Barack Obama's vice president, he is hoping to be able to bring lawmakers together on deals that advance some of his tax and nontax policy goals.

Budget reconciliation an option for Democrats: If the two parties are unable to reach consensus, however, Democrats could turn to the budget reconciliation process to advance a tax and spending package without having to worry about winning GOP cooperation. Budget reconciliation is generally available only when one party controls both the House and Senate, since the rules require both chambers to agree on a concurrent budget resolution that includes reconciliation instructions on tax or mandatory spending policy. Legislation moved under reconciliation protections is not subject to the usual procedural hurdles in the Senate and can clear the chamber with a simple majority vote. Republicans opted for budget reconciliation to advance TCJA in 2017 and major tax cut bills in 2001 and 2003 when they held both chambers of Congress but did not have a 60-vote supermajority in the Senate. For their part, Democrats took that same procedural route to pass the Patient Protection and Affordable Care Act in 2010.

Whether Democrats intend to rely on reconciliation to advance their tax agenda in 2021 will become clear as the congressional budget process unfolds. It is worth noting that while the reconciliation process removes some constraints in advancing legislation, it imposes certain others. Legislation moved under budget reconciliation cannot increase the federal deficit beyond the specified budget window. That requirement compelled Republicans to sunset many of the revenue-losing provisions they included in TCJA and in the tax cut reconciliation bills they moved in 2001 and 2003. Because Biden's proposals as currently understood are net revenue raisers, this requirement is less likely to present an obstacle for a Democratic reconciliation bill in the next Congress; however, other limits in reconciliation may hamstring Democrats' plans for how to spend the resulting revenue. (Reconciliation may not be used to address Social Security, for example.)

While reconciliation is a powerful tool that Democrats may employ to advance key tax and spending priorities, an obvious additional challenge will be the closely divided Senate itself. If Democrats are not able to attract some Republicans to their side, they will need to hold all 50 of their members together, something that could prove challenging as individual senators seek to make the reconciliation bill more progressive or less progressive, address unique problems facing specific states, or make a funding formula more generous for their own home state.

Looking ahead

Despite some of the economic and political challenges in the near term, significant tax law changes remain a real possibility. Here are some things to keep in mind as the new administration takes shape and new Congress convenes.

Evaluate, model, plan: As legislative proposals begin to emerge, it is critical to start evaluating what is being put forward, modeling potential outcomes, and planning the appropriate actions to take if and when these proposals go from high-level plans and talking points to fully framed legislation with substance, effective dates, and, possibly, carve-outs and antiavoidance rules.

Watch out for effective dates: A key part of the evaluation, modeling, and planning process involves paying attention to when emerging legislative proposals would take effect. Generally, tax law changes are effective on date of enactment or prospectively to the beginning of the next quarter or the next tax year. But there have been some instances where provisions have taken effect retroactively to the beginning of a calendar year and others in which taxpayers have been put on notice by congressional taxwriters that certain changes will be retroactive to some other date, such as the date of introduction of a proposal, especially if lawmakers conclude they are closing a "loophole." Sometimes, however, even a simple rate increase has been made retroactive. For example, the increase to a 39.6 percent top marginal rate, as well as an increase in the corporate rate from 34 to 35 percent enacted as part of the Omnibus Budget Reconciliation Act of 1993 (P.L. 103-66, signed into law August 10, 1993), were retroactive to January 1 of that year. Similarly, the reduction in individual rates enacted as part of the Economic Growth and Tax Relief Reconciliation Act of 2001 (P.L. 107-16, signed into law June 7, 2001) was retroactive to January 1, 2001.

Given that the Democratic party in recent years has moved more generally toward advocating for tax increases on upper-income individuals and businesses, there could be a legitimate concern that some tax changes that might be enacted in the Biden administration this year—such as increasing the top individual rate, the corporate rate, or tax rates for capital gains and certain dividends—could be made retroactive to the beginning of 2021. Of course, much of this may be predicated on the status of the economy and other factors we have discussed elsewhere in this publication, including the fact that raising taxes in a closely divided Congress would be hard enough and doing so retroactively would only be more so. Nevertheless, while not necessarily likely, it is remains possible that any tax changes enacted in 2021 could be made effective retroactive to the start of the year, something interested taxpayers should monitor closely.

Don't overlook regulatory actions: Tax executives also should bear in mind that Biden's ability to influence tax policy is not limited to cutting deals with Congress. His administration also can invoke its regulatory authority to write rules that implement existing laws in ways consistent with his agenda. Federal agencies generally cannot rewrite laws, so they are unable to implement policy changes such as increasing tax rates on corporations or individuals, which would require congressional action. Subject to meeting notice and comment requirements, however, agencies have wide latitude in interpreting the laws and in writing (or possibly rewriting, in the case of certain TCJA guidance) impactful rules. Taxpayers will be well served to keep a close eye on that process, starting with the Biden administration's expected executive orders freezing or reviewing certain agency regulations in its first week in office.

How Biden’s business tax proposals compare to current law

The table below provides an overview, based on the details available to date, of how Joe Biden would address a variety of issues related to the taxation of corporations and businesses and how those proposals compare to current law. Specific details may change as proposals are formally released and move through Congress.

Corporate and business tax proposals		
Issue	**Current law**	**Joe Biden**
Corporate tax rate	21%	Increase to 28%[1] 15% minimum tax on book income of companies reporting US net income >$100 million but owe no US income tax[2]
Foreign-source income of US multinationals	Global intangible low-taxed income (GILTI) earned by US-based multinationals subject to a 50% deduction (effective rate of 10.5%) through 2025 and a 37.5% deduction (effective tax rate of 13.125%) thereafter Exemption from GILTI applies for a 10% return on average adjusted basis of foreign tangible property	Increase GILTI effective rate to 21%; potentially eliminate exemption for 10% return on average adjusted basis of foreign tangible property; and calculate GILTI on a country-by-country basis[3]

Corporate and business tax proposals

Issue	Current law	Joe Biden
Offshoring and redomestication of US jobs	No direct incentives or disincentives	Impose 10% "offshoring tax penalty" on profits of foreign production (including call centers and services) intended for sale back into the United States; penalty would apply on top of proposed 28% corporate tax rate for a combined tax rate of 30.8% on any such profits Deny deductions associated with moving jobs and production offshore and implement "strong anti-inversion regulations and penalties" Create advanceable "Made in America" credit of 10% applicable to qualifying expenses such as those related to returning production to the United States, revitalizing existing closed or closing manufacturing facilities, incrementally increasing wages paid to US manufacturing workers, and retooling facilities to "advance manufacturing competitiveness and employment" Establish a "claw-back" provision requiring a company to return public investments and tax benefits when they shed United States jobs and send them overseas Eliminate incentives for pharmaceutical and other companies to move production overseas[4]
Tax havens, base erosion generally	Base erosion and anti-abuse tax (BEAT) limits the ability of large multinationals to shift profits from the United States by making deductible payments to their affiliates in low-tax countries	Reduce incentives for "tax havens, evasion, and outsourcing"[5]
Depreciation	100% immediate expensing for qualified property through 2022, then phased down each year through 2026 to 20% (expires after 2026); special rules for longer production period property and certain aircraft	No specific proposal; may be affected by proposed minimum tax (see above)

Corporate and business tax proposals		
Issue	**Current law**	**Joe Biden**
Passthrough income (section 199A)	Discussed with individual income tax proposals in separate table below	
Carried interests	Discussed with individual income tax proposals in separate table below	
Sector-specific proposals		
Real estate	Gain/loss recognition deferred on disposal of certain real property and acquisition of similar replacement property (like-kind exchange) $25,000 exemption from passive loss rules for rental losses Accelerated depreciation rules apply to rental housing	Has called for eliminating "unproductive and unequal tax breaks for real estate investors with income over $400,000" (presumably by repealing like-kind exchange rules)[6]
Financial institution risk fee	No provision	Impose risk fee on certain liabilities of financial institutions with assets >$50 billion[7]
Fossil fuels	Intangible drilling costs 100% deductible in first year for independent producers and 70% deductible for integrated firms Tax exemption of set percentage of taxable income for independent oil, gas, and coal producers (and investors), such as "percentage depletion"	Repeal certain current-law tax incentives for fossil fuels[8]
Alternative energy (commercial)	Tax credit for home builders of up to $2,000 per new energy-efficient home, through 2020 26% investment tax credit (ITC) for businesses installing solar system, phasing down to 22% in 2021 and 10% in 2022 Deduction of up to $1.80 per square foot for owner or designer of building or system that saves heating/cooling energy Accelerated (five-year) depreciation available for renewable energy property	Restore and make permanent solar ITC Expand deduction for emissions-reducing investments Increase incentives for energy-efficient technologies Encourage development of low-carbon manufacturing sector through tax credits and subsidies for businesses to upgrade equipment and processes, invest in expanded or new factories, and deploy low-carbon technologies Reform and extend incentives that generate energy efficiency and clean energy jobs; promote tax incentives for technology that captures carbon and then permanently sequesters or utilizes that captured carbon (including lowering cost of carbon capture retrofits for existing power plants)[9]

Corporate and business tax proposals		
Issue	**Current law**	**Joe Biden**
Pharmaceuticals	None specific to the industry	Impose tax penalty on pharma companies that raise drug costs by more than the rate of inflation[10] Repeal deduction for certain pharma company advertising expenses[11] Eliminate incentives for pharmaceutical and other companies to move production overseas[12]
Community and workforce development incentives		
Opportunity Zones (OZ)	Allow tax-free capital gains for investments held at least 10 years, basis increase for investments held at least five years, and temporary deferral of capital gains on existing assets placed in OZ funds; final OZ designations were certified in June 2018; election to invest capital gains in an OZ expires Dec. 31, 2026	Reform OZ program by (1) requiring Treasury Department review of OZ projects to ensure incentives are only directed to projects providing "clear economic, social, and environmental benefits to a community," (2) requiring recipients of OZ tax benefits to publicly disclose their investments and the impact on local residents, and (3) providing incentives for Opportunity Funds to partner with nonprofit or community-oriented organizations and jointly produce a community-benefit plan for each investment[13]
New markets tax credit	Available for up to 39% of a project's cost for investors in low-income community businesses, through 2020	Expand and make permanent[14]
Low-income housing tax credit	Available to incentivize development and improvement of affordable rental housing; an increased ceiling expires Dec. 31, 2021	Expand through additional federal investment of $10 billion; ensure that urban, suburban, and rural areas all benefit from the credit[15]
Incentives for domestic manufacturing	No provision	Establish a manufacturing communities tax credit for five years to incentivize qualified investment in communities affected by mass job losses[16]
Work opportunity tax credit (WOTC)	Available to employers for hiring individuals from certain targeted groups who have consistently faced significant barriers to employment (scheduled to expire after 2020)	Expand WOTC target hiring groups to include military spouses[17]

Corporate and business tax proposals		
Issue	**Current law**	**Joe Biden**
Business incentives for hiring individuals with disabilities, improving accessibility	WOTC available to employers who hire individuals with physical or mental disabilities who are enrolled in or have completed certain prescribed vocational rehabilitation programs Disabled access credit provides nonrefundable credit for small businesses that incur expenditures to provide access to persons with disabilities Architectural barrier removal tax deduction encourages businesses to remove architectural and transportation barriers to the mobility of persons with disabilities and the elderly	Supports Disabled Access Credit Expansion Act (S. 2290), which would increase dollar limitation on disabled access credit to $20,500 (from $10,250), index limitation annually for inflation after 2020, and increase gross receipts limitation for an eligible small business to $2.5 million (from $1 million) Create new tax credit for employers who hire an individual with disabilities (up to $5,000 in first year and $2,500 in the second year); separate credit of up to $30,000 for employers that improve workplace accessibility[18]
Payroll taxes, benefits, worker classification		
Payroll taxes	**Social Security:** 12.4% tax equally split between employers and employees on first $137,700 of wages (2020 cap, indexed for inflation) **Medicare:** 2.9% tax equally divided between employers and employees, with no income limit **Special rule for S corp shareholders:** Earnings distributed to shareholders of an S corporation are not considered self-employment income for purposes of payroll taxes	Expand Social Security tax to apply to wages >$400,000, creating a "doughnut hole" of untaxed wages between the inflation-adjusted cap under current law ($137,700 in 2020) and $400,000; unclear if $400,000 threshold would be indexed for inflation[19]
Employer-provided child care	Employers may claim a tax credit equal to 25% of qualified expenses for employee child care and 10% of qualified expenses for child care resource and referral services; employer deductions for such expenses are reduced by the amount of the credit; maximum total credit limited to $150,000 per taxable year	Create new tax credit for employers who construct on-site child care facilities[20]
Worker classification	A worker's classification as an employee or independent contractor has significant implications in areas such as income tax withholding, Social Security and Medicare tax withholding and payments, unemployment taxes, and the provision of benefits	Make worker misclassification a substantive violation of law under all federal labor, employment, and tax laws with additional penalties beyond those imposed for other violations Establish federal standard for classifying workers (modeled on California's three-pronged "ABC test") that would apply for all labor, employment, and tax laws[21]

How Biden's individual tax proposals compare to current law

The table below provides an overview, based on the details available to date, of how Joe Biden would address a variety of issues related to the taxation of individuals and how his proposals compare to current law. Specific details may change as proposals are formally released and move through Congress.

Individual income- and asset-based tax proposals		
Issue	**Current law**	**Joe Biden**
Ordinary income tax rates	Top rate of 37% through 2025 Additional 0.9% Medicare income tax applies to earned income >$250,000 for joint filers and $200,000 for single taxpayers	Restore top rate to 39.6%[1]
Capital gains, dividends	20% tax rate applies to long-term capital gains and qualified dividends Additional 3.8% net investment income tax applies to individuals with income >$200,000 and joint filers with income >$250,000 Exclusion from capital gains tax for up to $250,000 single filers/$500,000 joint filers on qualifying home sales	Tax long-term capital gains and dividends at ordinary income rates for those with taxable income >$1 million[2]
Carried interests	Treated as long-term capital gain if held for more than three years	Tax at ordinary rates[3]
Passthrough income	Generally taxed at owner's individual rate with a 20% deduction under section 199A for domestic business profits; deduction expires after Dec. 31, 2025	Phase out section 199A deduction for filers with income >$400,000[4]
Itemized deductions	Taxpayer may deduct the greater of (1) the standard deduction, or (2) the sum of the itemized deductions, with no cap ("Pease limitation") on the latter through 2025 Deduction for state and local tax (SALT) payments capped at $10,000 through 2025	Restore Pease limitation for those with income >$400,000; cap value of itemized deductions at 28%[5] Position on SALT deduction cap unclear, but is said to favor repeal

Individual income- and asset-based tax proposals		
Issue	**Current law**	**Joe Biden**
Child tax credit	Child tax credit of $2,000 generally available for each of a taxpayer's qualifying children younger than 17; credit amount is reduced by 5% of adjusted gross income >$200,000 for single parents ($400,000 for joint filers); credit is partially refundable if a taxpayer's credit amount exceeds overall tax liability Lower credit amount ($1,000) and income phase-out thresholds ($75,000 single/$115,000 joint) apply beginning in 2026	Increase credit amount to $3,000 per child for children ages 6 to 17 ($3,600 for children ounger than 6) and make credit fully refundable; expanded credit and full refundability would be available "for 2021 and then as long as economic conditions require" (temporary proposal to address economic impact of COVID-19 pandemic)[6]
Child and dependent care tax credit	Nonrefundable credit for 20–35% of cost of work-related care, up to $3,000 per child younger than 13 or older dependent, or $6,000 for two or more; phased down for households with income >$43,000	Increase maximum credit amount to $8,000 for one child or $16,000 for two or more (intended to cover up to one-half of a family's annual child care costs for children younger than 13); phase out for families making between $125,000 and $400,000; make credit refundable[7]
Family caregiving incentives	No provision	Create credit of up to $5,000 to help informal caregivers cover expenses incurred in caring for other family members (i.e, elderly, those with disabilities or chronic health conditions, and military service members or veterans dealing with service-related illnesses or injuries)[8]
Earned income tax credit	Refundable tax credit available to individuals with low to moderate income from wages; income limitations and other eligibility requirements apply	Expand eligibility rules to include workers age 65 and older[9]
Payroll taxes	**Social Security:** 12.4% tax is equally split between employers and employees on first $137,700 of employee's wages (the cap for 2020, indexed for inflation) **Medicare:** 2.9% tax is equally divided between employers and employees; no income limit applies **Special rule for S corp shareholders:** Earnings distributed to shareholders of an S corporation are not considered self-employment income for purposes of payroll taxes	Expand Social Security tax to apply to wages >$400,000, creating a "doughnut hole" of untaxed wages between the inflation-adjusted cap under current law ($137,700 in 2020) and $400,000; unclear if $400,000 threshold would be indexed for inflation[10]

Individual income- and asset-based tax proposals		
Issue	**Current law**	**Joe Biden**
Retirement savings	IRA contributions fully deductible for those earning up to $65,000 single filers/$104,000 joint filers, then phased down for those earning up to $75,000/$124,000 (the limitations in effect for 2020) Contributions limited to the lesser of $6,000 ($7,000 if age 50+) or taxable compensation for the year (the limitations in effect for 2020) Penalties generally apply if funds are withdrawn before an account holder reaches age 59 ½ (exceptions apply for certain emergencies and hardship situations)	"Equalize" tax treatment of defined contribution savings accounts[11] Allow caregivers to make "catch-up" contributions to retirement accounts even if not earning income in the formal labor market[12] Relax retirement account withdrawal rules to make it easier for domestic violence survivors to gain emergency access to retirement funds[13]
Estate tax	40% estate, gift, and generation-skipping tax; basic exclusion of $10 million per taxpayer, adjusted annually for inflation ($11.58 million in 2020); increased exemption sunsets Dec. 31, 2025 Step-up in basis applies to inherited assets	Has called for "returning the estate tax to 2009 levels," implying a 45% top rate and base exclusion of $3.5 million per taxpayer, indexed annually for inflation[14] Repeal stepped-up basis at death[15]
Alternative energy (consumer incentives)	Tax credit of $2,500–7,500 for purchase of new electric vehicle, phased out when a manufacturer's sales reach 200,000 Tax credit for 10% of cost of homeowner's energy-efficiency improvements, up to $500, through 2020 26% investment tax credit (ITC) for homeowners installing renewable energy systems, phasing out through 2021 Subsidies paid by utility companies to residential customers who invest in energy conservation measures are excludable from a customer's income	Restore full electric vehicle tax credit and modify it to target middle-class consumers and prioritize purchase of American-made vehicles[16] Restore tax credit for residential energy-efficiency improvements[17] Permanently extend solar ITC[18]

Individual income- and asset-based tax proposals		
Issue	**Current law**	**Joe Biden**
Housing costs	No tax on imputed rental income from taxpayer's personal residence Deduction for interest paid on up to $750,000 of mortgage debt Deduction for state and local tax (SALT) payments of up to $10,000 (limitation scheduled to expire after 2025)	Establish advanceable and refundable First Down Payment tax credit of up to $15,000[19] Create renter's tax credit designed to reduce rent and utilities to 30% of income for low-income households[20] Create tax credit for families that renovate distressed properties in distressed communities[21] Position on SALT deduction cap unclear, but is said to favor repeal
Health care costs	Refundable and advanceable premium tax credit for those enrolling in Affordable Care Act (ACA) marketplace plan and with income 100–400% of the federal poverty level for household size, capping premium spending based on income (top rate of 9.78% in 2020) Long-term care insurance premiums generally includable as eligible expenses for purposes of the itemized deduction for unreimbursed medical expenses	Expand ACA premium tax credit by eliminating income cap, capping premium spending at 8.5% of income, and increasing credit amount[22] Expand tax benefits for individuals who pay for long-term care insurance with retirement savings[23]
Tax-preferred savings vehicles for health care, disability expenses	Medical savings accounts and health savings accounts allow individuals to save on a tax-preferred basis to cover the cost of certain qualified medical and health care expenses ABLE accounts allow individuals who are blind or disabled to make contributions on a tax-deferred basis and use those funds to pay for certain "qualified disability expenses"; availability limited to individuals who develop blindness or disability before age 26	Supports ABLE Age Adjustment Act (S. 651), which would expand eligibility rules to make ABLE accounts available to individuals who develop blindness or disability before age 46[24]
Higher education expenses	Above-the-line deduction for interest on student loans for higher education for taxpayers with modified adjusted gross income below $80,000 ($160,000 for joint filers) Forgiven student-loan debt generally is includable in taxable income (subject to certain exceptions)	Reform income-based repayment program for undergraduate federal student loans by relaxing the repayment formula, providing for automatic loan forgiveness of unpaid loan amounts after 20 years (for borrowers with good repayment records), and providing that debt forgiven under the program will not be treated as taxable income[25]

Notes on corporate and business proposals

1. Joe Biden, "Build Back Better" speech, Dunmore, Pa., July 9, 2020. Democratic presidential primary debate, Las Vegas, Nev., Feb. 20, 2020.
2. Called for 15 percent corporate minimum tax in the Democratic presidential primary debate, Las Vegas, Nev., Feb. 20, 2020. Additional details in Committee for a Responsible Federal Budget, "Understanding Joe Biden's 2020 Tax Plan," Washington, D.C., July 30, 2020.
3. Joe Biden, "Build Back Better" speech, Dunmore, Pa., July 9, 2020, proposes to "double the tax on foreign profits." More detailed GILTI proposal in Biden campaign fact sheet, Sep. 9, 2020.
4. Biden campaign fact sheet released Sep. 9, 2020. Also see Joebiden.com, "The Biden plan to ensure the future is 'made in all of America' by all of America's workers."
5. Joebiden.com, "The Biden plan to ensure the future is 'made in all of America' by all of America's workers"; "The Biden plan for climate change"; "The Biden plan to invest in middle-class competitiveness."
6. Joebiden.com, "21st century caregiving and education workforce." Joe Biden, Child- and elder-care speech, New Castle, Del., July 21, 2020; Committee for a Responsible Federal Budget, "Understanding Joe Biden's 2020 Tax Plan," Washington, D.C., July 30, 2020.
7. Joebiden.com, "The Biden plan for housing."
8. Joebiden.com, "The Biden plan for climate change."
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10. Joebiden.com, "The Biden plan for older Americans and retirement"; "The Biden plan for health care."
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13. Joebiden.com, "Advancing racial equity across the American economy"; "Joe Biden's agenda for the Latino community."
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16. Joebiden.com, "The Biden plan to ensure the future is 'made in all of America' by all of America's workers"; "The Biden plan to invest in middle-class competitiveness."
17. Joebiden.com, "The Biden plan for military families."
18. Both provisions discussed at Joebiden.com, "The Biden plan for full participation and equality for people with disabilities."
19. Joebiden.com, "The Biden plan for older Americans and retirement" (proposes to put Social Security "on a path to long-term solvency by asking Americans with especially high wages to pay the same taxes on those earnings that middle-class families pay"). Gordon B. Mermin, Janet Holtzblatt, Surachai Khitatrakun, Chenxi Lu, Thornton Matheson, and Jeffrey Rohaly, "An Updated Analysis of Former Vice President Biden's Tax Proposals," Tax Policy Center, Washington, D.C., Oct. 15, 2020. Huaqun Li, Garrett Watson, and Taylor LaJoie, "Details and Analysis of Former Vice President Biden's Tax Proposals," Tax Foundation, Washington, D.C., Oct. 22, 2020. Committee for a Responsible Federal Budget, "Understanding Joe Biden's 2020 Tax Plan," Washington, D.C., July 30, 2020.
20. Joebiden.com, "Advancing racial equity across the American economy"; "21st century caregiving and education workforce." Joe Biden, Child- and elder-care speech, New Castle, Del., July 21, 2020.
21. Both provisions discussed at Joebiden.com, "The Biden plan for encouraging unions and empowering workers."

Notes on individual tax proposals

1. Joebiden.com, "The Biden plan for health care."
2. Joebiden.com, "The Biden plan for health care"; "Joe Biden's agenda for the Catholic community." Remarks during presidential primary debates: Washington, D.C., Mar. 16, 2020; Las Vegas, Nev., Feb. 20, 2020; Columbus, Ohio, Oct. 15, 2019.
3. Joe Biden, Presidential campaign kick-off speech, Pittsburgh, Pa., Apr. 29, 2019 (includes general calls to eliminate "special tax rates in the tax code that reward special interests" and to "get rid of capital gains loopholes"). Calls to change the tax treatment of carried interest income are included in the Obama administration tax reform framework (2016 update); in Obama administration budget blueprints for FY2010, 2011, 2012, 2013, 2014, 2015, 2016, and 2017; and in the 2020 Democratic Party Platform.
4. Huaqun Li, Garrett Watson, and Taylor LaJoie, "Details and Analysis of Former Vice President Biden's Tax Proposals," Tax Foundation, Washington, D.C., Oct. 22, 2020. Committee for a Responsible Federal Budget, "Understanding Joe Biden's 2020 Tax Plan," Washington, D.C., July 30, 2020.
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8. Joebiden.com, "21st century caregiving and education workforce"; "The Biden agenda for women"; "The Biden plan for full participation and equality for people with disabilities"; "The Biden plan for military families"; "The Biden plan for older Americans and retirement."
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12. Joebiden.com, "The Biden plan for older Americans and retirement."
13. Joebiden.com, "The Biden plan to end violence against women."
14. Joebiden.com, "Highlights of Joe Biden's plans to support women during the COVID-19 crisis."
15. Joe Biden, Presidential campaign kick-off speech, Pittsburgh, Pa., Apr. 29, 2019.
16. Joebiden.com, "The Biden plan for climate change"; "The Biden plan to invest in middle-class competitiveness."
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18. Joebiden.com, "The Biden plan to invest in middle-class competitiveness."
19. Joebiden.com, "Lift every voice: The Biden plan for Black America"; "Advancing racial equity across the American economy"; "Joe Biden's agenda for the Latino community"; "The Biden plan for housing."
20. Joebiden.com, "Advancing racial equity across the American economy"; "Joe Biden's agenda for the Latino community"; "The Biden plan for housing."
21. Joebiden.com, "Advancing racial equity across the American economy."
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23. Joebiden.com, "The Biden plan for older Americans and retirement."
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Acknowledgments and contacts

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Text was drafted by Alex Brosseau, Michael DeHoff, and Storme Sixeas, senior managers, Tax Policy Group.

Tax Policy Group contacts

Jon Traub
Managing principal, Deloitte Tax LLP
jtraub@deloitte.com

Victoria Glover
Partner, Deloitte Tax LLP
vglover@deloitte.com

Jeff Kummer
Managing director, Deloitte Tax LLP
jkummer@deloitte.com

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