

Table T20-0246
Former Vice President Biden's Tax Plan Updated to Include Proposals as of September 28, 2020: Impact on Tax Revenue, 2021-30 by Fiscal Year and Total for FY2031-40¹
Baseline: Current Law

Proposal	Fiscal Year (\$ billions)											
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-30	2031-40
Individual Income and Payroll Taxes												
Restore pre-TCJA rates above \$400,000 of taxable income	0.0	17.7	26.5	28.4	30.0	9.1	0.0	0.0	0.0	0.0	111.8	0.0
Restore limitation on itemized deductions above \$400,000 of adjusted gross income (AGI), indexed for inflation	0.0	7.3	12.4	12.8	13.4	5.4	0.0	0.0	0.0	0.0	51.2	0.0
Phase out qualified business income deduction above \$400,000 of taxable income without regard to the deduction, indexed	0.0	20.6	33.5	36.4	38.9	13.9	0.0	0.0	0.0	0.0	143.4	0.0
Tax capital gains and dividends at same rate as ordinary income above \$1 million of income and tax unrealized capital gains at death	0.0	5.0	33.4	47.0	50.6	44.7	42.8	46.2	49.5	53.4	372.7	778.5
Limit tax benefit of itemized deductions to 28 percent of value above \$400,000 of AGI, indexed for inflation	0.0	7.3	12.2	12.4	12.7	24.8	34.2	36.9	40.0	42.9	223.5	555.9
Extend EITC to childless workers age 65 and older	0.0	0.0	-0.4	-0.4	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-3.8	-4.9
Provide a tax credit of up to \$5,000 for family caregivers of individuals with physical and cognitive needs	0.0	-1.7	-8.6	-8.9	-9.2	-9.8	-10.9	-11.4	-11.7	-12.1	-84.2	-146.7
Increase maximum child and dependent care tax credit to \$4,000 (\$8,000 for two or more children) and make it refundable	0.0	-2.4	-12.0	-12.4	-12.7	-13.2	-14.6	-14.9	-15.2	-15.5	-112.8	-172.2
Temporarily increase child tax credit to \$3,000 (\$3,600 for children under age 6); extend to eligible 17 year olds; and make it fully refundable (effective 01/01/21; sunset 12/31/22)	-33.3	-121.0	-88.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-242.3	0.0
Provide a \$15,000 refundable tax credit for first-time homebuyers	0.0	-5.0	-25.2	-25.3	-25.3	-25.3	-25.4	-25.4	-25.5	-25.6	-208.1	-242.0
Apply 12.4 percent Old-Age, Survivors, and Disability Insurance payroll tax to lesser of AGI, or earnings, above \$400,000	0.0	47.6	66.8	71.9	76.6	82.7	88.8	95.2	101.7	108.4	739.8	1,502.0
Establish automatic IRAs and a small business start-up credit for offering retirement plans	0.0	-0.7	-0.9	-1.0	-1.1	-1.4	-1.6	-1.9	-2.1	-2.4	-13.1	-47.2
Replace deductibility of worker IRA/DC pension contributions with 26% refundable tax credit holding harmless individuals with less than \$400,000 of income	0.0	-14.9	-19.8	-19.8	-19.9	-16.3	-14.8	-14.8	-15.1	-15.4	-150.9	-119.0
Exempt forgiven student loans from taxable income	0.0	0.0	0.0	-0.1	-0.3	-0.5	-0.6	-0.7	-0.9	-0.9	-4.1	-58.9
Reinstate tax credits for residential energy efficiency	0.0	-1.6	-2.6	-2.8	-2.9	-3.1	-3.2	-3.4	-3.5	-3.7	-26.8	-44.5
Restore full electric vehicle tax credit and target it to middle-income consumers	0.0	-1.5	-1.5	-1.8	-2.0	-2.3	-2.5	-2.8	-2.9	-3.3	-20.6	-50.1
Provide refundable low-income renter's credit	-3.8	-5.1	-5.2	-5.3	-5.4	-5.5	-5.6	-5.7	-5.8	-5.9	-53.3	-50.8
Increase tax compliance of high-income earners ²	0.0	-0.3	0.2	1.5	3.5	5.0	5.8	6.3	6.7	7.0	35.7	78.1
Total for individual income and payroll taxes	-37.1	-48.7	20.8	132.9	146.4	107.8	91.8	103.2	114.6	126.4	758.1	1,978.1
Business Taxes												
Increase corporate income tax rate to 28 percent	0.0	51.2	68.7	71.5	74.3	82.9	90.7	93.7	96.1	98.1	727.3	1,212.9
Replace GILTI tax with country-by-country minimum tax on profits earned by foreign subsidiaries of US firms	0.0	44.1	74.7	76.8	79.0	81.3	83.8	86.2	88.5	90.8	705.2	1,040.9
Minimum tax on global book income	0.0	6.4	11.0	11.4	11.9	12.4	13.0	13.6	14.1	14.7	108.5	179.8
Tighten anti-inversion rules, making it more difficult for US multinational corporations to avoid US taxes through certain types of mergers with foreign corporations	0.0	0.1	0.6	1.0	1.6	2.2	2.9	3.7	4.5	5.4	21.9	85.8
Eliminate tax preferences for fossil fuels	0.0	1.8	3.3	3.7	3.6	3.4	3.0	2.4	2.1	2.0	25.3	7.7
Establish a financial risk fee on certain liabilities held by financial institutions with more than \$50 billion in assets	0.0	9.5	9.5	9.4	9.4	9.4	9.4	9.3	9.3	9.2	84.4	87.2
End tax deduction for direct-to-consumer prescription drug advertising	0.0	0.8	1.4	1.4	1.5	1.5	1.6	1.7	1.7	1.8	13.4	22.3
Tighten the rules for classifying independent contractors	0.0	0.2	0.7	1.2	1.4	1.5	1.5	1.5	1.6	1.6	11.1	18.0
Provide a new manufacturing communities tax credit	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-1.1	-2.2
Expand tax deductions for energy technology upgrades, smart metering systems, and other emissions-reducing investments in commercial buildings.	0.0	-0.2	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6	-0.5	-0.5	-4.7	-3.5
Enhance tax incentives for carbon capture, use, and storage	0.0	-0.2	-0.4	-0.6	-0.8	-1.0	-1.0	-0.9	-0.8	-0.7	-6.4	-6.2
Develop a low-carbon manufacturing sector by providing tax credits for businesses to upgrade equipment and processes, investing in factory construction and expansion, and deploying low-carbon technologies	0.0	-0.1	-0.1	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-2.2	-1.8
Expand the low-income housing credit by 10 billion over 10 years	0.0	-0.8	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-8.8	-1.3
Provide a 10 percent tax credit for new investments in domestic manufacturing	0.0	-16.6	-22.9	-23.8	-24.9	-26.0	-27.1	-28.3	-29.4	-30.6	-229.7	-375.0
Expand new markets tax credit	0.0	-2.9	-4.1	-4.4	-4.7	-4.9	-5.0	-5.0	-5.0	-5.0	-41.1	-50.0
Reinstate renewable energy investment tax credit	0.0	-2.3	-3.0	-2.9	-2.8	-2.7	-2.7	-2.6	-2.6	-2.6	-24.1	-25.9
Total for business taxes	0.0	91.2	137.7	142.9	147.5	157.9	168.0	173.2	178.1	182.7	1,379.1	2,188.7
Estate and Gift / Wealth Taxes												
Restore the estate, gift and generation-skipping transfer ("GST") tax parameters in effect in 2009	0.0	3.2	14.1	18.3	24.9	31.2	30.2	31.6	32.2	32.6	218.2	516.7
Total for estate and gift / wealth tax	0.0	3.2	14.1	18.3	24.9	31.2	30.2	31.6	32.2	32.6	218.2	516.7
Total revenue effect of plan	-37.1	45.6	172.7	294.1	318.8	296.8	290.0	308.0	324.8	341.7	2,355.4	4,683.6
As a share of GDP³	-0.2	0.2	0.8	1.2	1.3	1.1	1.1	1.1	1.1	1.1	0.9	1.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0920-1) and TPC estimates.

1. Baseline is the law currently in place as of March 17, 2020. Unless otherwise noted, provisions are assumed effective 01/01/2022. Estimates include microdynamic behavioral responses. For a description of the provisions, see TPC's "An Updated Analysis of Former Vice President Biden's Tax Proposals" (October 2020).

2. The estimate shows the net impact of increasing the Internal Revenue Service's budget for enforcement activities, such as audits. The activities are estimated to generate \$54 billion in additional revenue from 2021 through 2030 and cost approximately \$18 billion, resulting in an estimated net savings of \$36 billion. From 2031 through 2040, increasing the IRS enforcement budget by \$30 billion would raise \$108 billion in revenues, for a net savings of \$78 billion.

3. The GDP forecast is from the Congressional Budget Office (CBO). September 2020. *An Update to the Budget Outlook: 2020 to 2030*, and long-run supplemental tables.