

**T13-0126**  
**President Obama's Business Tax Reform Proposals, Detail**  
**Budget Impacts (\$ billions), 2014-2023**

Provision	Impact on Budget (\$ billions)		
	Receipts	Outlays	Deficit
<b>Enhance and make permanent the R&amp;E tax credit</b>	-99.4	-	99.4
<b>Tax relief for small business</b>			
Extend increased expensing for small business	-68.7	-	68.7
Expand and simplify the tax credit provided to qualified small employers for non-elective contributions to employee health insurance	-10.5	1.3	11.8
Eliminate capital gains taxation on investments in small business stock	-5.8	-	5.8
Double the amount of expensed start-up expenditures	-3.0	-	3.0
<b>Incentives for clean energy</b>			
Modify and permanently extend renewable electricity production tax credit	-17.4	8.7	26.2
Modify and permanently extend the deduction for energy-efficient commercial building property	-5.2	-	5.2
Provide a production tax credit for advanced technology vehicles	-4.2	-	4.2
Provide a tax credit for medium- and heavy-duty alternative fuel commercial vehicles	-2.1	-	2.1
<b>Incentives for manufacturing and jobs</b>			
Extend certain employment tax credits, including for veterans	-9.1	-	9.1
New Manufacturing Communities tax credit	-4.4	-	4.4
Tax incentives for locating jobs and activity in the U.S.; remove tax deductions for shipping jobs overseas	-1.1	-	.1
<b>Incentives to promote regional growth</b>			
Extend and modify the New Markets Tax Credit	-7.4	-	7.4
Restructure assistance to New York City, tax incentive for transportation	-2.0	-	2.0
Reform and expand the LIHTC	-1.4	-	1.4
Modify tax-exempt bonds for Indian tribal governments	-1.1	-	.1
<b>Reform U.S. international tax system</b>			
Determine the foreign tax credit on a pooling basis	65.8	-	-65.8
Defer deduction of interest expense related to deferred income of foreign subsidiaries	36.5	-	-36.5
Tax currently excess returns associated with transfers of intangibles offshore	24.0	-	-24.0
Modify tax rules for dual capacity taxpayers	11.0	-	-11.0
Disallow the deduction for non-taxed reinsurance premiums paid to foreign affiliates	6.2	-	-6.2
Limit earnings stripping by expatriated entities	4.7	-	-4.7
Prevent use of leveraged distributions from related foreign corporations to avoid dividend treatment	3.2	-	-3.2
Tax gain from the sale of a partnership interest on a look-through basis	2.7	-	-2.7
Limit shifting of income through intangible property transfers	2.1	-	-2.1
Extend section 338(h)(16) to certain asset acquisitions	1.0	-	-1.0
Remove foreign taxes from a section 902 corporation's foreign tax pool when earnings are eliminated	.4	-	-.4
<b>Change accounting rules</b>			
Repeal LIFO method of accounting for inventories	80.8	-	-80.8
Repeal lower-of-cost-or-market inventory accounting method	7.2	-	-7.2
<b>Eliminate fossil fuel preferences</b>			
<i>Eliminate oil and gas preferences</i>			
Repeal domestic manufacturing deduction for oil and natural gas production	17.4	-	-17.4
Repeal expensing of intangible drilling costs	11.0	-	-11.0
Repeal percentage depletion for oil and natural gas wells	10.7	-	-10.7
Increase geological and geophysical amortization period for independent producers to seven years	1.4	-	-1.4
Repeal deduction for tertiary injectants	.1	-	-.1
Repeal exception to passive loss limitations for working interests in oil and natural gas properties	.1	-	-.1
Repeal enhanced oil recovery credit	-	-	-
Repeal credit for oil and gas produced from marginal wells	-	-	-
<i>Eliminate coal preferences</i>			
Repeal percentage depletion for hard mineral fossil fuels	2.0	-	-2.0
Repeal expensing of exploration and development costs	.4	-	-.4
Repeal capital gains treatment for royalties	.4	-	-.4
Repeal domestic manufacturing production deduction for the production of coal and other hard mineral fossil fuels	.4	-	-.4
<b>Reform treatment of financial and insurance institutions and products</b>			
Require that derivative contracts be marked to market with resulting gain or loss treated as ordinary	18.9	-	-18.9
Extend pro rata interest expense disallowance for corporate-owned life insurance	5.9	-	-5.9
Modify proration rules for life insurance company general and separate accounts	5.1	-	-5.1
Modify rules that apply to sales of life insurance contracts	.6	-	-.6
<b>Other changes</b>			
Eliminate section 404(k) ESOP dividend deduction for large C corporations	6.6	-	-6.6
Modify depreciation rules for purchases of general aviation passenger aircraft	2.7	-	-2.7
Repeal gain limitation for dividends received in reorganization exchanges	2.7	-	-2.7
Repeal the excise tax credit for distilled spirits with flavor and wine additives	1.1	-	-1.1
Extend partnership basis limitation rules to nondeductible expenses	.9	-	-.9
Limit the importation of losses under related party loss limitation rules	.9	-	-.9
Deny deduction for punitive damages	.4	-	-.4
Expand the definition of built-in loss for purposes of partnership loss transfers	.1	-	-.1
<b>Total</b>	<b>94.6</b>	<b>10.1</b>	<b>-84.5</b>

Source: Office of Management and Budget, Fiscal Year 2014 Budget of the U.S. Government, April 2013  
These provisions are included in the president's reserve for revenue-neutral business tax reform.