

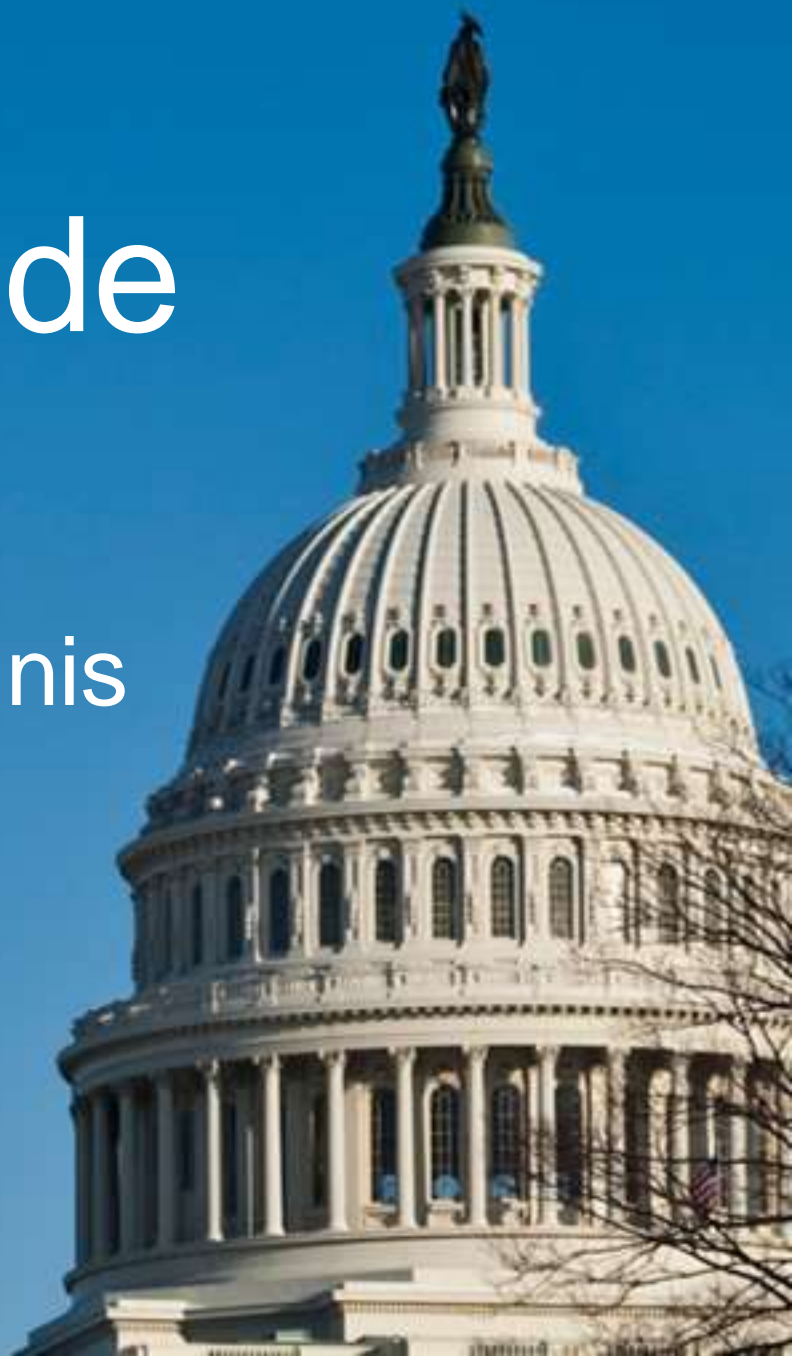


Le plan fiscal de Joe Biden

Impact sur les sociétés
étrangères aux Etats Unis

20 avril 2021

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Avec vous aujourd'hui



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Au sommaire : le plan fiscal de l'Administration Biden

1. Les premiers 100 jours
2. Les perspectives 2021 et 2022
3. Retour sur les élections et les équilibres politiques



The first 100(ish) days



Treasury Secretary

Janet Yellen

- Confirmed January 25, 2021 (Vote: 84-15)
- Former Fed Chair (2014-2018)
- Former Chair of Council of Economic Advisors (1997-1999)
- Former President of the Federal Reserve Bank of San Francisco
- Ph.D. in economics, Yale University (1971)



Major Legislative Timeline – Biden Action Plan

1. RESCUE

American Rescue Plan Act
(Feb-Mar)

2. RECOVER

The American Jobs Plan / The American Family Plan
(Apr-Dec?)



RESCUE: (\$1.9T+): \$1,400 direct payments, various tax credits, UI, state and local funding, small biz grants/loans. Discrete tax increases enacted – 864(f), 162(m), 461(l), 6050W.

RECOVER (phase one - \$2.3T): Infrastructure including transportation, energy, broadband, healthcare, water, education. Includes indeterminate number of tax increases.



Looking forward to 2021 and 2022



Biden – select individual tax proposals



Taxation of Individuals

- Increase top rate to 39.6% for income over \$400,000
- Tax credits for first-time homebuyers and certain low-income renters
- Subject wages over \$400,000 to OASDI taxes
- Cap itemized deductions at 28%
- \$8,000 tax credit for child care

Taxation of Investment Income

- Tax capital gains and qualified dividends of high income individuals at ordinary tax rates (39.6%)
- Mark to market?

Other

- Estate tax exclusion lowered to \$5M
- Tax unrealized capital gains at death

Biden – select business tax proposals



Business

- Increase corporate rate from 21% to 28%
- 15% minimum tax on corporate global book income of \$100M or more
- New Credit – Manufacturing Communities Tax Credit

International

- Increase foreign mintax rate from 10.5% to 21%
- Repeal FDII
- Tighten anti-inversion rules
- Offshoring tax penalty

Other

- Tax on large financial institutions
- Financial Transactions Tax?
- Repeal fossil fuel incentives
- Unspecified limitations on real estate losses (possibly for high income individuals)

Wyden – International Tax Plan

Changes to International System

- Corporate Rate – Higher, exact rate unknown
- GILTI tax rate – Higher, maybe equal to corporate rate, repeal QBAI, CbyC calc
- Maintain BEAT, modify
- Maintain FDII, modify

Biden – Revenue estimates (billions/10 years)

Select individual tax proposals	
Restore pre-TCJA rates above \$400,000	111.8
Restore limitation on itemized deductions	51.2
Phase out qualified business income deduction above \$400,000	143.4
Tax capital gains and dividends at ordinary rates and unrealized gains at death	372.7
Limit benefit of itemized deductions to 28%	223.5
Apply 12.4% payroll tax to earnings above \$400,000	739.8
Increase child and dependent care credits; homebuyers credit	-563.2

Net: \$758.1 billion/10 years

Source: Tax Policy Center (Nov. 6, 2020)

Biden – Revenue estimates (billions/10 years)

Select business tax proposals (\$1.12 billion)	
Increase corporate rate to 28%	727.3
Replace GILTI with CxC 21% minimum tax	442.1
Minimum tax on global book income	108.5
Tighten anti-inversion rules	21.9
Eliminate fossil fuel preferences	25.3
Financial institutions risk fee	84.4
Provide 10% credit for manufacturing investment	-229.7

Net: \$1,116 billion/10 years

Source: Tax Policy Center (Nov. 6, 2020)

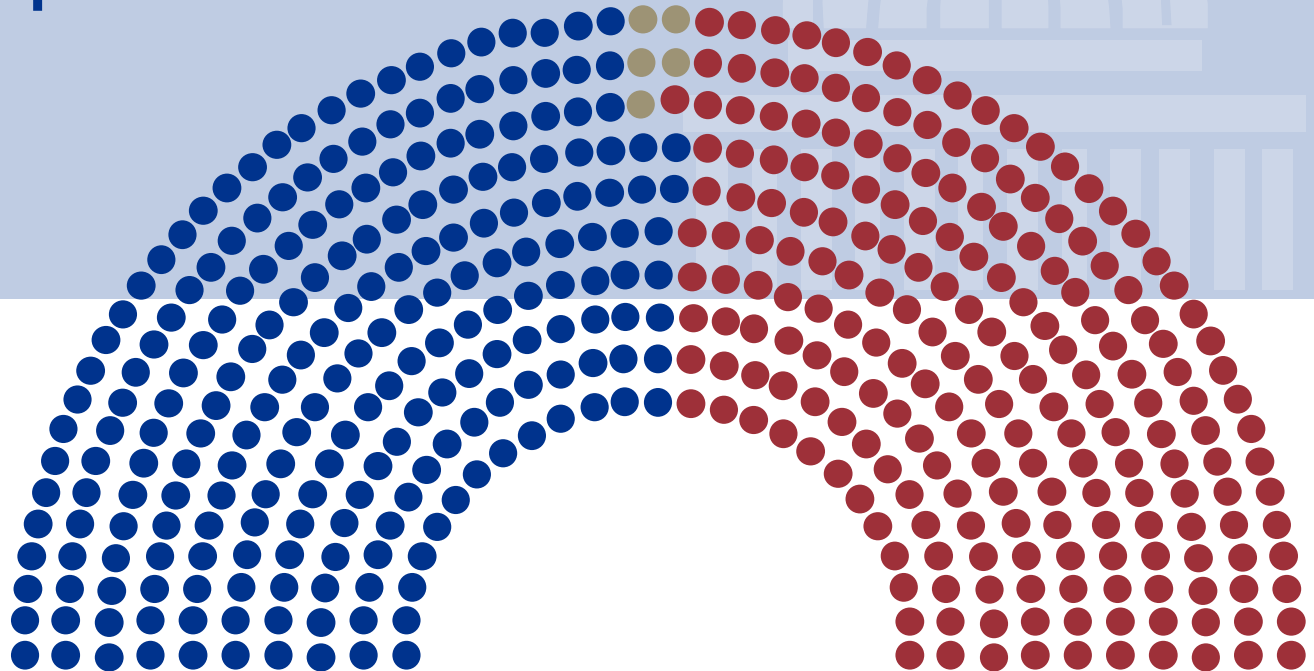


The elections and the politics



House of Representatives 2021

 Democrats	218
 Republicans	212 (+15)
 Unresolved/Open	5

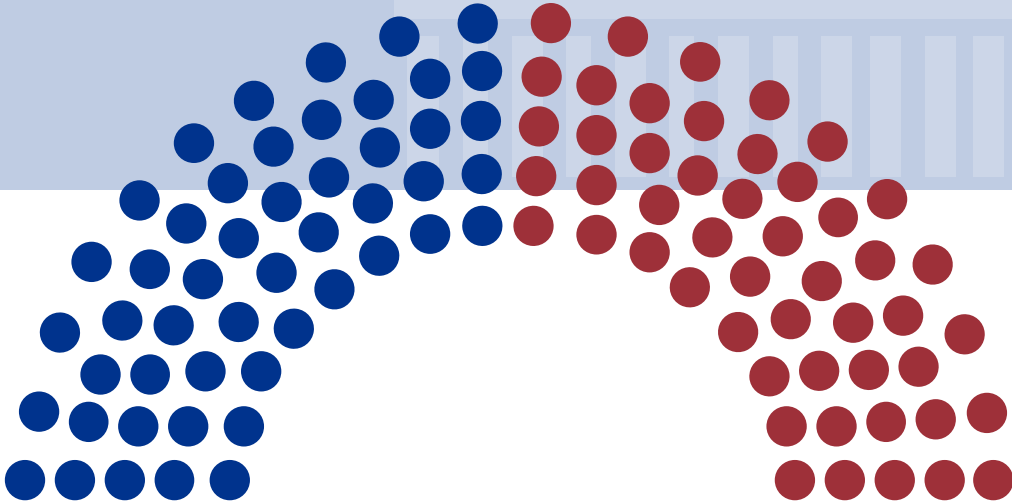


Senate 2021

● Democrats **50* (+3)**

● Republicans **50**

* 2 independent Senators expected to caucus with the Democrats



Historical perspective – First year tax legislation



Economic Recovery Tax Act of 1981



Omnibus Budget Reconciliation Act of 1989



Omnibus Budget Reconciliation Act of 1993



Economic Growth & Tax Relief Reconciliation Act of 2001



American Recovery & Reinvestment Tax Act of 2009



Tax Cuts and Jobs Act of 2017

Historic mid-term elections

Congressional seats gained or lost by President's party

		Senate Seats	House Seats
1982	Reagan	+1	-26
1986	Reagan	-8	-5
1990	Bush 41	-1	-8
1994	Clinton	-8	-52
1998	Clinton	0	+5
2002	Bush 43	+2	+8
2006	Bush 43	-6	-30
2010	Obama	-6	-63
2014	Obama	-9	-13
2018	Trump	+2	-40

Might the filibuster be busted?



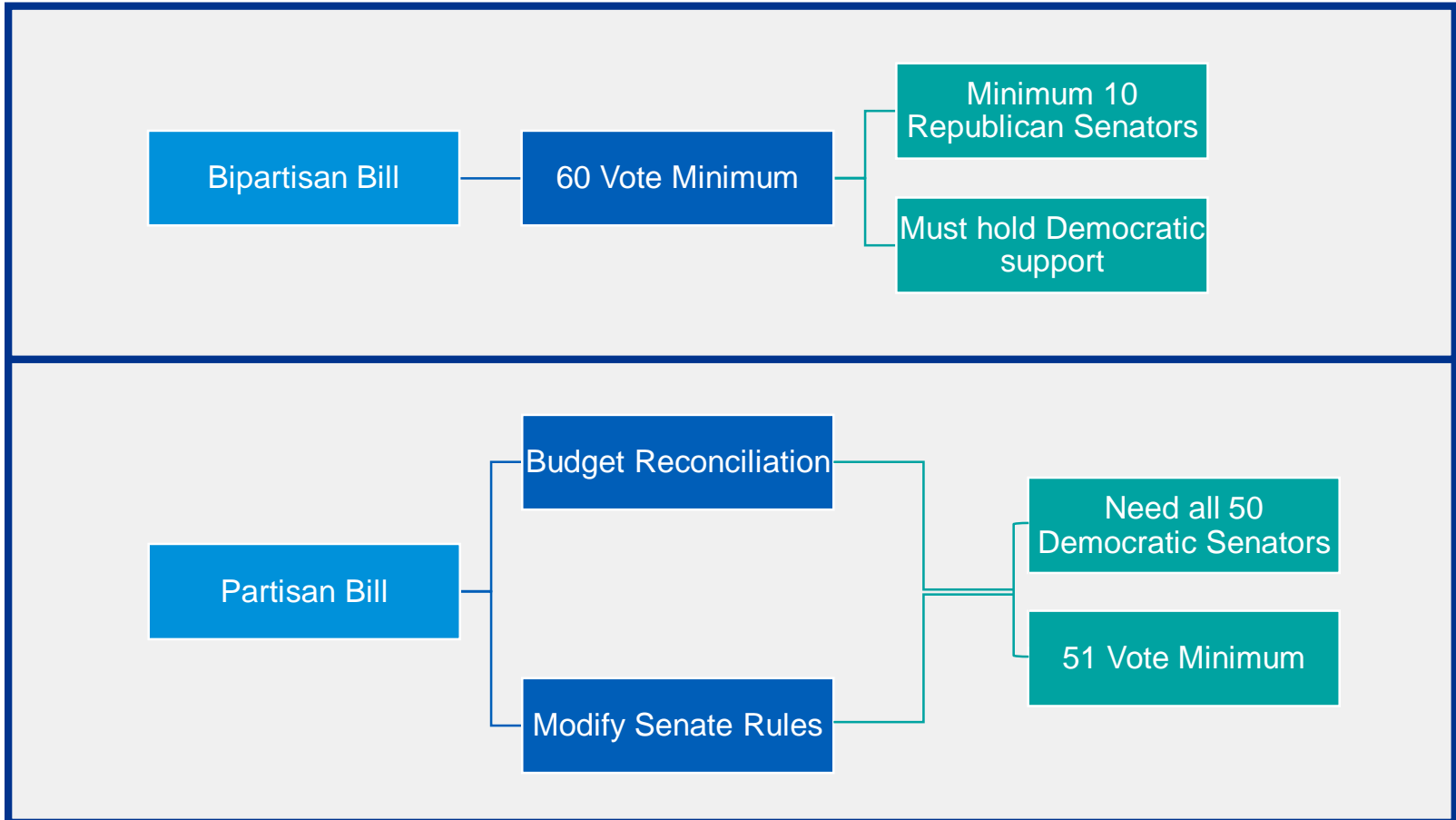
Filibuster

- Can end debate with 60 votes to move forward with consideration of legislation
- Conversely, 41 votes can block consideration of legislation
- Practical impact
- Budget Reconciliation
- What might prompt a change in rules?

What might a possible change mean?

- Number of tax bills?
- Speed?
- Content? (Substance, Effective Dates, Expirations, etc.)

Two Senate paths to a major tax bill



Effective dates generally



Historical preference for prospective dates

- Administrative ease
- Detrimental reliance

Option - date of enactment

- Better for transactional taxes than rate changes

Retroactive tax increases do exist

- See 1993 Clinton tax increases
- United States v. Carlton, 512 U.S. 26 (1994)

Resources

Selected resources:

- [*Catching Up on Capitol Hill* podcast series](#)
- [The Biden Administration and the 117th Congress: Possible Tax Legislation](#)
- [Tax Policy Implications of a Democratic Senate](#)
- [KPMG report: Biden Tax Proposals](#)
- [KPMG report: Post-Election Analysis](#)



Thank you



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