Tax Increases

The measure would raise $1.48 trillion in revenue over 10 years by increasing taxes on corporations and high-income individuals, according to the Joint Committee on Taxation.

Changes to corporate and international taxes would include:

- Imposing a 15% minimum tax on income corporations report on their financial statements or “book income,” with adjustments. The provision would apply to corporations with such income over $1 billion. U.S. companies with foreign parents would also need to have at least $100 million in income. It would raise $318.9 billion over 10 years, according to JCT.
- Creating a 1% excise tax on the fair market value of stock buybacks by publicly traded U.S. corporations, including any subsidiary. The provision wouldn’t apply to employee retirement plan funding or if total transactions for the year are less than $1 million. It would raise $124.2 billion over 10 years.
- Reducing deductions for foreign income of U.S. companies, which would yield a 15% global intangible low-taxed income (GILTI) rate and 15.8% foreign-derived intangible income rate, according to a summary from the House Rules Committee. The changes would raise $144.3 billion over 10 years. GILTI would also be calculated on a country-by-country basis under the measure.
- Increasing the base erosion and anti-abuse tax (BEAT) to 18% from 10% by tax year 2025, which would raise $67.1 billion over 10 years.

Individual tax changes would include:

- Imposing a 5% surtax on modified adjusted gross income that exceeds $10 million. An additional 3% tax would apply to income that exceeds $25 million. Certain trusts and estates would be subject to the taxes. It would raise $227.8 billion over 10 years.
- Expanding the 3.8% net investment income tax to cover business income of single filers earning more than $400,000 and joint filers making more than $500,000, raising $252.2 billion over 10 years.

- Permanently disallowing excess business losses of noncorporate taxpayers, which would raise $160.3 billion over 10 years.

The measure also would make changes to retirement plan rules for high-income taxpayers with more than $10 million in retirement account balances, including prohibiting contributions and requiring minimum distributions above that level.

IRS Enforcement: the measure would provide $44.9 billion in additional fiscal 2022 funding to the Internal Revenue Service for tax enforcement, including for digital asset monitoring. It would specify that the IRS funding boost isn't intended to increase taxes on individuals making less than $400,000.

Tax Credits

SALT Cap: The measure would increase the $10,000 cap on the state and local income tax deduction to $72,500 through 2031. Republicans' 2017 tax law (Public Law 115-97) imposed the cap on the amount of individual property and income or sales tax payments individuals can deduct from their federal taxes through 2025. The provisions would reduce revenue by $222 billion in the first five years and raise revenue in later years, resulting in a net revenue increase of $2.04 billion over 10 years.

CTC and EITC: The measure includes tax provisions designed to aid certain households, such as:

- Extending the expanded child tax credit from a March pandemic relief package (Public Law 117-2) for one year, through 2022, and limiting advance payments to taxpayers with income below $150,000 for joint filers and $75,000 for single filers. It also would make the credit fully refundable after 2022. The changes would cost $184.6 billion over 10 years.
- Extending an expanded version of the earned income tax credit for childless workers for one year, through 2022, which would cost $13.3 billion over 10 years.

Green Energy: The measure includes a variety of green energy tax incentives that would cost $300.5 billion over 10 years.

It would structure various credits as tiered incentives, providing either a "base rate" or a "bonus rate" of five times the base amount for projects that meet certain prevailing wage and apprenticeship requirements. An additional increased credit amount could be claimed in certain cases if projects comply with domestic content requirements, such as ensuring that any steel, iron, or manufactured product was produced in the U.S.

The new structure would apply to several new and existing credits, including:

- The production tax credit for energy facilities that produce electricity from renewable energy sources, which would be extended through 2026 and increased for facilities in "energy communities" where a coal mine or a coal-fired electric generating unit has been shut down. The PTC for solar facilities would also be reinstated through 2026.
- The investment tax credit, which would be extended through 2026 for most property and increased for projects in energy communities and for solar and wind facilities that serve low-income communities.
- A clean electricity production tax credit and investment tax credit based on carbon emissions. Both would be available after 2026 and phase out beginning in 2031 or when U.S. emissions targets are achieved.
- A new investment credit for electric transmission property that would apply to facilities placed in service through 2031.
- A new zero-emission nuclear power production credit for facilities that produce electricity, available though 2027.
- A new credit for producing clean hydrogen, based on lifecycle greenhouse gas emission rates, through 2028.
- An investment tax credit for advanced manufacturing facilities that start construction before 2026 and a production tax credit for eligible components that would begin to phase down in 2027.
- A credit for the domestic production of clean fuels that would be based on their lifecycle carbon emissions, which would also phase out beginning in 2031 or when emissions targets are achieved.

Several other existing tax incentives would be extended through 2031, including the:

- Carbon oxide sequestration credit.
- Nonbusiness energy property credit, with an increased percentage for installing energy efficiency improvements.
- Residential energy efficient property credit, which would fully phase out after 2033 and be made refundable starting in 2024.
- Energy efficient commercial buildings deduction, with an increased maximum deduction.
- New energy efficient home credit, which would be increased for homes certified as "zero energy ready homes."
- Advanced energy project credit for investments in energy manufacturing facilities.

Electric Vehicles: The measure would establish new incentives for electric vehicles, including:

- A refundable tax credit for new electric motor vehicles through 2031 that would phase out beginning at $500,000 for joint filers and $250,000 for single filers. The base credit amount would equal $4,000, plus an additional $3,500 for vehicles with a higher battery capacity. The credit would be increased by $4,500 for domestically assembled, union-made electric vehicles. Beginning in 2027, the credit would apply only to vehicles with final assembly occurring in the U.S.

- A refundable credit for purchasing a used electric motor vehicle through 2031. It would phase out at $150,000 for joint filers and $75,000 for single filers.
- A 30% credit for the cost of commercial electric vehicles through 2031, or 15% for hybrid vehicles.
- A 30% refundable credit for electric bikes through 2026 that would also phase out at certain income levels.

Other Tax Provisions

The measure also would:

- Impose a new excise tax on nicotine that's been extracted, concentrated, or synthesized. Products approved by the FDA wouldn't be included.
- Reinstate a 16.4 cents-per-gallon tax on crude oil and imported petroleum products to fund Superfund cleanups of hazardous sites. It would be adjusted for inflation beginning in 2023.
- Create refundable credits capped at $1 billion per year through 2031 for environmental justice programs at higher education institutions.
- Delay until 2026 changes to the research and development tax credit under the 2017 tax law, which required companies to amortize their R&D costs over five years instead of deducting them up front, beginning in 2022.
- Allow same-sex couples to claim refunds or credits related to a change in marital status before 2010, the earliest year covered by IRS guidance permitting taxpayers to amend their returns after the Supreme Court overturned the Defense of Marriage Act.
- Allow as much as $250 in union fees to be claimed as an above-the-line deduction.
- End the employer tax credit for paid family and medical leave in 2024 instead of 2026.