

April 11, 2013  
2013-061

## *flash* International Executive Alert

A Publication for Global Mobility and Tax Professionals by KPMG's International Executive Services Practice

### **United States – President Releases Budget for FY 2014**

by KPMG LLP's Washington National Tax practice, Washington, D.C. (KPMG LLP in the United States is a KPMG International member firm)

On April 10, 2013, U.S. President Barack Obama proposed additional tax revenue as a part of his \$3.77 trillion budget proposal for fiscal year 2014, including several new proposals.<sup>1</sup>

The budget would replace the \$1.2 trillion in deficit reduction produced by the sequester with new revenue and targeted spending cuts. To that, the budget would add an additional \$1.8 trillion in deficit reduction over 10 years through further tax changes and reductions in spending, including cuts to entitlements programs.

Among the more controversial of the president's proposed spending cuts is a change to the cost of living allowance for Social Security benefits to the less generous "chained CPI."<sup>2</sup> That change, which would also affect indexation of income tax brackets, among other things, would raise \$230 billion over 10 years.

A new tax proposal would limit the deduction or exclusion for contributions to tax-favored retirement plans, when the amounts in those plans exceeds the maximum allowable defined benefit plan benefit, currently \$205,000, raising \$9 billion.

The president also proposes the "Buffett rule," calling it the "Fair Share Tax" – a 30-percent minimum tax on households to be phased in beginning at \$1 million in annual adjusted gross income (\$500,000 in the case of a married individual filing a separate return), and fully phased in for those with AGI of \$2 million (\$1 million in the case of a married individual filing a separate return). This proposal would be effective for taxable years beginning after December 31, 2013, and is expected to raise \$53 billion over 10 years.

In connection with the FY 2014 budget, Treasury released its explanation of the revenue proposals, known as the "Green Book."

For the text of the Green Book [PDF 1.5 MB], see: <http://www.treasury.gov/resource-center/tax-policy/Documents/General-Explanations-FY2014.pdf> .

For the text of the FY 2014 budget [PDF 2.1 MB], see: <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/budget.pdf> .

KPMG LLP will provide in due course an analysis of the tax provisions in the FY 2014 budget and Green Book.

*Footnotes:*

1 For the April 10, 2013 White House Press Release, and links to budget documents, see:  
<http://www.whitehouse.gov/blog/2013/04/10/president-obama-sends-congress-his-fiscal-year-2014-budget> .

2 For a Bureau of Labor Statistics Paper discussing chained CPI, see:  
[http://www.bls.gov/cpi/super\\_paris.pdf](http://www.bls.gov/cpi/super_paris.pdf) .

\* \* \* \*

A version of this article originally appeared as “Legislative Update - Obama Administration's Budget for FY 2014” in KPMG LLP's *TaxNewsFlash-United States* (April 10, 2013).

***Your Assignment Abroad: 50 Most Common Concerns – Back by Popular Demand!***

Should I sell my home? What is COLA? What is tax equalization?

Whether it is during a pre-assignment orientation or a tax counseling session, international assignees have many questions. Our time with them is limited and there is a lot of information to remember. The 'new & improved' “**Your Assignment Abroad: 50 Most Common Concerns**” booklet, prepared and published by KPMG, provides an easy-to-read guide for assignees and program managers and addresses key assignment-related questions.

The booklet aims to explain the basic questions when going on international assignment. It is a favorite among program managers for orientations and counseling sessions.

If you would like a copy, please visit:

<http://www.kpmg.com/US/en/IssuesAndInsights/ArticlesPublications/Documents/your-assignment-abroad-50-concerns.pdf>

Or feel free to contact your local KPMG professional or Alison Shipitofsky at [ashipitofsky@kpmg.com](mailto:ashipitofsky@kpmg.com) .

The information contained in this newsletter was submitted by KPMG LLP's Washington National Tax practice. The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

*Flash International Executive Alert* is an IES publication of KPMG LLP's Washington National Tax practice. To view this publication or recent prior issues online, please click [here](#). To learn more about our IES practice, please visit us on the Internet: click [here](#) or go to <http://www.kpmg.com> .

**ANY TAX ADVICE IN THIS COMMUNICATION IS NOT INTENDED OR WRITTEN BY KPMG TO BE USED, AND CANNOT BE USED, BY A CLIENT OR ANY OTHER PERSON OR ENTITY FOR THE PURPOSE OF (i) AVOIDING PENALTIES THAT MAY BE IMPOSED ON ANY TAXPAYER OR (ii) PROMOTING, MARKETING OR RECOMMENDING TO ANOTHER PARTY ANY MATTERS ADDRESSED HEREIN.**