



TaxNewsFlash

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Legislative update: JCT revenue estimates of tax proposals in Biden Administration's FY 2023 budget

The Joint Committee on Taxation (JCT) today released revenue estimates of the tax proposals in the Biden Administration's FY 2023 budget.

The tax proposals in the administration's FY 2023 budget are described in the [Green Book](#) [PDF 2.45 MB] (entitled "General Explanations of the Administration's Fiscal Year 2023 Revenue Proposals"), which was released the U.S. Treasury Department on March 28, 2022. Read [TaxNewsFlash](#)

The JCT estimates are prepared relative to the Congressional Budget Office 2022 macroeconomic baseline.

Read [JCX-17-22](#)

KPMG observation

In many cases, there are significant differences between the revenue estimates provided by JCT today and those previously released by Treasury. There are likely any number of differences in assumptions and methodology that account for these differences, but one is especially notable.

It is JCT's long-standing convention to estimate proposed law changes against the baseline of current law. In other words, the estimates in JCX-17-22 assume that the proposed changes would be made to current law (taking into account scheduled changes to current law).

Treasury, however, estimated the revenue effects of the proposals in its Green Book for FY2023 relative to a baseline that assumed, in effect, that all of the proposals in the version of the Build Back Better Act that the House passed in November of 2021 (except for the proposal to increase the state and local tax deduction) were already law. For more information on Treasury's scoring methodology, see the Green Book, top of page iii, stating:

The revenue proposals are estimated relative to a baseline that incorporates all revenue provisions of Title XIII of H.R. 5376 (as passed by the House of Representatives on November 19, 2021), except Sec. 137601.

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