



# GMS Flash Alert



2021-158 | June 1, 2021

## United States – KPMG Publishes Report on Tax Proposals in Biden’s FY 2022 Budget

On Monday, May 31, 2021, KPMG’s Washington National Tax Practice (WNT) released “[KPMG Report: Analysis and Observations of Tax Proposals in Biden Administration’s FY 2022 Budget](#),”<sup>1</sup> a comprehensive report on the U.S. Treasury’s “Green Book” (General Explanation of the Administration’s Fiscal Year 2022 Revenue Proposals).<sup>2</sup> This report unpacks the Biden administration’s fiscal agenda, providing an in-depth review of the tax proposals in the Green Book and insights from WNT professionals on the potential impact of these proposals on companies and individuals.

### WHY THIS MATTERS

The Green Book contains the administration’s tax priorities and provides valuable technical details that may serve as a framework for law-makers in crafting future legislative proposals. As mentioned in [GMS Flash Alert 2021-157](#) (May 28, 2021) included in the Green Book are several individual income tax proposals that could have, if enacted, significant ramifications for global mobility programs and international assignees. Global mobility program managers may find “[KPMG Report: Analysis and Observations of Tax Proposals in Biden Administration’s FY 2022 Budget](#)” to be a valuable resource in evaluating the impact of potential tax changes on their programs.

### Individual Income Tax Proposals Included in “KPMG Report: Analysis and Observations of Tax Proposals in Biden Administration’s FY 2022 Budget”

KPMG’s report includes analysis of the following individual income tax proposals:

- Raise the top individual income tax rate from 37 percent back to its previous rate of 39.6 percent;

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- Tax long-term capital gains and qualified dividends at ordinary tax rates for taxpayers with adjusted gross income in excess of \$1,000,000, but only to the extent that the taxpayer's income exceeds \$1,000,000 (\$500,000 for married filing separately);
- Extend the child tax credit expansion enacted in the *American Rescue Plan Act of 2021* ("ARP") through 2025 and make the child tax credit fully refundable on a permanent basis;
- Make permanent the temporary changes to the child and dependent care tax credit included in the ARP;
- Tax unrealized capital gains on appreciated assets transferred by gift or death and eliminate the stepped-up basis for gains in excess of \$1,000,000 per-person;
- Treat carried interest as ordinary income for partners with taxable income in excess of \$400,000;
- End tax deferral for Internal Revenue Code section 1031 like-kind exchanges for gains in excess of \$500,000 (\$1,000,000 for married individuals filing a joint return);
- Permanently extend the current limitation in place that restricts large, excess business losses;
- Make permanent the ARP expansion of Premium Tax Credits;
- Make permanent the earned income tax credit (EITC) expansion for workers without qualifying children;
- Make sure that all trade or business income of high-income taxpayers is subject to the 3.8-percent Medicare tax, either through the Net Investment Income Tax or Self-Employed Contributions Act;
- Provide a new nonrefundable disaster mitigation tax credit for homeowners and businesses in areas, or in areas adjacent to, where a federal disaster declaration has been made within the preceding 10-year period; and
- Extend the credit for nonbusiness energy property for five years and increase the lifetime limit, credit rate, and credit amounts for certain types of residential energy property.

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## KPMG NOTE

KPMG's Washington National Tax-Global Mobility Services group has published "Global Mobility Professional Newsletter Special Edition: 2022 Tax Proposals," which provides a curated discussion of the tax proposals most likely to be of interest to global mobility programs and offers mobility-focused insights and observations for program managers. To request a copy of the "Global Mobility Professional Newsletter Special Edition: 2022 Tax Proposals," contact your KPMG GMS representative.

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## FOOTNOTES:

1 See: "[KPMG Report: Analysis and Observations of Tax Proposals in Biden Administration's FY 2022 Budget.](#)"

2 The full text of the Green Book can be found at: <https://home.treasury.gov/system/files/131/General-Explanations-FY2022.pdf> . The Treasury press release on the release of the Green Book can be found at: <https://home.treasury.gov/news/press-releases/jy0204> .

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