

GMS Flash Alert



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United States - House Ways and Means Releases Tax Proposals

On September 13, 2021, U.S. House Ways and Means Committee Chairman Richard E. Neal (D-MA) released legislative text to be marked up in committee on Tuesday, September 14, and Wednesday, September 15, 2021.¹ The legislative text includes proposals for corporate and individual tax increases, as well as a number of tax incentives and credits for various industries and for individual taxpayers. This *GMS Flash Alert* highlights the proposals that are likely of interest to global mobility programs and their assignees.

WHY THIS MATTERS

This release, which marks a major step forward in the tax reform process, offers the public its first glimpse of proposed statutory language and provides an opportunity to consider the impact of tax reform on assignees and international assignment programs. While similar, these proposals differ in many ways from President Biden's tax proposals.² If enacted, the proposed changes to individual income tax rates would affect the overall cost of equalized assignments to and from the United States.

Individual Income Tax Proposals Included in the Chairman's Mark

The legislative proposals released include the following:

- Raise the top marginal individual income tax rate from 37 percent back to 39.6 percent.
- Increase the capital gains rate for certain high-income individuals to 25 percent (28.8 percent when considering the Net Investment Income Tax (NIIT)).
- Modify the application of the NIIT to trade or business income of certain high-income individuals.
- Limit the deduction of qualified business income for certain high-income individuals.
- Limit excess business losses of noncorporate taxpayers.

- Create a new 3 percent surcharge on high-income individuals, estates, and trusts. This would apply to individuals with adjusted gross income (AGI) in excess of \$5 million (or \$2.5 million for married individuals filing separately), and trusts and estates with AGI in excess of \$100,000.
- Modify the Child Tax Credit (CTC), including extending and modifying the changes to the CTC included in the American Rescue Plan Act of 2021 (ARPA) for 2022, and establishing a new monthly CTC with advancement through 2024.
- Make permanent the temporary changes to the Child and Dependent Care Tax Credit included in ARPA.
- Create a new credit for caregiver expenses.
- Repeal the temporary limitation on personal casualty losses.
- Impose limitations on high-income taxpayers with large retirement account balances.
- Increase the minimum required distributions for high-income taxpayers with large retirement account balances.

The proposals would make significant corporate and international tax reforms that may impact individuals and also include a number of tax incentives for disaster mitigation and energy that might apply to individuals.

Notably, the repeal of the \$10,000 limitation on the deduction for state and local taxes was not included in the proposed legislative text. In a separate statement, Chairman Neal stated that he remains committed “to enacting a law that will include meaningful SALT relief....”³

KPMG NOTE

KPMG LLP (U.S.) is actively monitoring the progress of these proposals through the legislative process and will endeavor to advise of any significant developments.

FOOTNOTES:

- 1 Read the [legislative text](#) [PDF 1.86 MB] (881 pages).
- 2 For prior coverage, see [GMS Flash Alert 2021-158 \(June 1, 2021\)](#), “KPMG Publishes Report on Tax Proposals in Biden’s FY 2022 Budget.”
- 3 House Ways & Means Committee, “[Neal, Pascrell, Suozzi on the Path Forward on SALT.](#)”

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