



KPMG report: Tax policy implications of possible Democratic Senate

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Introduction

Although results are not yet official, some votes are still being counted, and recounts may be possible, it appears that the Democratic- candidates have won both Senate run-off elections yesterday in Georgia.

Assuming official results confirm this outcome, both chambers of Congress would be narrowly controlled by Democrats at the beginning of the Biden Administration.¹

This report includes preliminary observations regarding the potential implications for tax policy. As explained below, Democratic control of both the House and the Senate would increase the likelihood of major legislative tax policy changes being enacted during this Congress.

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Background

The new Congress (the 117th Congress) began on January 3, 2021. Joe Biden and Kamala Harris will be sworn in as the next president and vice president, respectively, on January 20, 2021.

The new Senate

At the end of the 116th Congress, the Senate consisted of 52 Republicans and 48 Democrats. Yesterday, run-off elections were held in Georgia for two Senate seats. Based on unofficial results, several major news outlets have declared that Rev. Raphael Warnock (D) defeated Senator Kelly Loeffler (R) to fill the

¹ This also assumes that there are no further changes in the composition of Congress, such as vacancies that might arise or members who switch parties, other than those currently known.

remaining two years of the term of former Sen. Johnny Isakson, who resigned in late 2019² and Jon Ossoff (D) defeated former Senator David Perdue, whose term expired at the end of 2020.

Assuming these results do not change and that there are no other changes to the composition of the Senate, the Senate would be split 50-50 between Republicans and Democrats. As a result, the party of the vice president would control the Senate; under the U.S. Constitution, the vice president serves as president of the Senate and may vote in the Senate in the case of a tie. Thus, Republicans would continue to control the Senate until Kamala Harris is sworn in as vice president on January 20, 2021, and Democrats would control the Senate thereafter.³ At that time, Sen. Schumer (D-NY) would become majority leader and Democrats would control the Senate's legislative agenda.⁴

Some organizational matters with respect to the new Senate—such as determining new committee chairs and new members of committees—have been delayed pending the outcome of the Georgia run-off races. As a result, some positions from the prior Congress currently remain in place temporarily. Thus, for example, Sen. Charles Grassley (R-IA) temporarily remains chair of the Senate Finance Committee but likely will be succeeded as chair by Sen. Wyden (D-OR). Sen. Wyden is currently the ranking member of Senate Finance and was its chair in 2014 and 2015.

With Sen. Grassley being term-limited in his tenure as the top Republican on the Senate Finance Committee, Sen. Mike Crapo (R-ID) is expected to assume the role of ranking member of the committee.

The new House

At the end of the previous Congress (the 116th Congress), the House consisted of 233 Democrats, 196 Republicans, one Libertarian, and five vacant seats.

At the start of the 117th Congress, Democrats have 222 House seats and Republicans have 211 House seats.⁵ Thus, Democrats continue to control the House—but by a smaller margin than in the prior Congress.

The Biden transition team has indicated that Rep. Cedric Richmond (D-LA) will join the incoming Biden Administration as a White House senior adviser and director of the Office of Public Engagement. In addition, Biden has indicated that he will nominate two Democratic members—Reps. Marcia Fudge (D-OH) and Deb Haaland (D-NM) to cabinet positions.⁶ Assuming all three of these representatives leave the House at some point following January 20, their seats would be vacant pending special elections. As a result, assuming no other changes to the composition of the House, Democrats would continue to control the House pending those special elections, but by an even narrower margin.

² Senator Loeffler had been appointed by Georgia's governor to temporarily fill the remaining two years of the term of retired Senator Johnny Isakson pending a special election. As such, Warnock's term would run until the end of 2022.

³ California Governor Gavin Newsom (D) has announced that Alex Padilla (D), California's secretary of state, will be appointed to temporarily fill Kamala Harris's Senate seat, when she resigns. Under California law, the seat would be on the ballot on the next regularly scheduled general statewide election.

⁴ Senate Republicans and Democrats elected Mitch McConnell and Chuck Schumer to be their respective leaders on November 10, 2020.

⁵ There are two remaining House seats to be filled. A special election will be held for the seat of Congressmen-elect Luke Letlow (R) of Louisiana, who died December 29, 2020, before taking the oath of office. This special election is currently scheduled for March 20, 2021. The race for New York's 22nd congressional district has not yet been called. Fewer than 30 votes separate the two candidates, and it remains unclear how and when that election will be resolved.

⁶ Rep. Fudge is to be nominated as Secretary of Housing and Urban Development while Rep. Haaland is to be nominated as Secretary of the Department of the Interior. These nominations would need to be approved by the Senate.

The House majority elected Nancy Pelosi (D-CA) as speaker. Kevin McCarthy (R-CA) continues to be the minority leader.

Rep. Neal (D-MA) continues to be chair of the House Committee on Ways and Means, while Rep. Brady (R-TX) continues to be the ranking member.⁷

Implications for tax legislation

As a general matter, the House, the Senate, and the president all need to agree to the same version of legislation for that legislation to become law. As a result, major policy changes have often been possible in recent years only when one party controls the White House and both chambers of Congress. Indeed, both the 2017 tax law ((Pub. L. No. 115-97), commonly referred to as the “Tax Cuts and Jobs Act” (TCJA)) and the Affordable Care Act (ACA) were enacted under single party control, with no or very little minority-party support.

Consequently, significant tax policy changes are more likely than would be the case than if the Senate remained controlled by Republicans. Nonetheless, with small margins of control (with Democratic control in the Senate turning on the role of the vice president), putting together tax legislation that achieves intra-party consensus still could be challenging.

Possible tax legislative issues

More COVID relief

The White House and the Congress might be expected to make providing additional COVID-19 response legislation a front-burner priority. Such legislation might be designed to provide relief for state and local governments, extended federal unemployment benefits, funding for vaccine distribution, relief to certain sectors and industries, in addition to providing additional direct payments to some individuals through the Internal Revenue Code. President Biden can be expected to try to garner some bipartisan support, to the extent possible, for such legislation.

Possible Biden tax proposals

In addition, President Biden can also be expected to encourage Congress to act on at least some of the tax policy changes he raised as part of his presidential campaign, as well as additional tax policy proposals (including, perhaps, policy proposals raised during the Obama Administration). For more information and analysis of many of the Obama Administration’s tax proposals, read a [101-page KPMG report](#) [PDF 1.9 MB] (February 2016) issued shortly after the Obama Administration released its FY 2017 budget proposals.

As a reminder, during the course of the presidential campaign, the Biden campaign posted on its website over 40 plans on various policy topics—including, for example, infrastructure, clean energy, domestic manufacturing, rebuilding U.S. supply chains, housing, racial inequities, child care, elder care, and health

⁷ House Democrats and House Republicans made their respective decisions regarding committee chairs and ranking members for the 117th Congress in December 2020.

care. Many of these plans included tax components designed to further the underlying policy goals or to offset the costs of such goals. Other tax proposals also were mentioned on the campaign trail.⁸ As a general matter, Biden indicated that he would not raise taxes on individuals with under \$400,000 of income.

For the most part, Biden’s campaign tax proposals were short and high level. They were described using language that would make sense to the general electorate, rather than technical tax language designed for tax professionals. As a result, the details of some of the proposals were not clear.⁹

At the end of this report charts listing tax proposals made during the campaign relevant to businesses, individuals and estates, and retirement savings are provided as [exhibits](#). These charts generally mirror the language used by the campaign to the extent possible. As indicated in these charts, major campaign tax proposals included:

Business

- Increase the top statutory corporate income tax rate to 28%
- Create a new 15% corporate minimum tax on global book income of \$100 million or more
- Increase the tax rate on certain foreign income from the 10.5% imposed by the current “global intangible low-taxed income” (GILTI) regime to 21%, shift to a country-by-country analysis, and eliminate the qualified business asset investment return (similar to the Obama Administration’s international tax reform proposal)¹⁰
- Provide new or expanded business tax credits for various activities (including domestic manufacturing)
- Make various changes relevant to specific industries (such as pharmaceuticals, real estate, fossil fuels, energy, natural resources, and banking)

Individuals and estates

- Increase the top individual tax rate to 39.6% (presumably in advance of the scheduled expiration of the current lower top rate at the end of 2025)
- Phase out the Code section 199A “passthrough business deduction” at incomes over \$400,000
- Cap tax benefits of itemized deductions at 28% of value
- Phase out itemized deductions
- Subject wages in excess of \$400,000 to the Old Age, Survivors, and Disability Income (OASDI) portion of the Social Security tax
- Tax capital gains and qualified dividends for individuals with over \$1 million in income at ordinary

⁸ On July 8, 2020, the Biden campaign released a series of policy proposals crafted by joint task forces composed of allies of both Biden and Senator Bernie Sanders (I-VT) that were formed to bring together progressive and moderate Democrats. Some of these “Unity Task Force Recommendations” included tax proposals, as well as general language supporting a more progressive federal tax system. Some of the items listed in this report are drawn from these recommendations.

⁹ For example, while the campaign indicated support for limiting the ability of some investors to use real estate losses, it did not spell out whether this might be accomplished through changes to passive activity loss rules, depreciation rules, passthrough loss limitation rules, or otherwise.

¹⁰ See, e.g., the fact sheet on the Biden-Harris Plan to Fight for Workers by Delivering on Buy America and Make It in America (released on September 9, 2020).

income rates¹¹

- New tax credits for some home buyers, renters, renovators of properties in distressed communities, and informal caregivers
- Increase the child and dependent care credits
- Expand the earned income tax credit (EITC) for some older workers without children
- Expand the affordable care act (aca) premium tax credits
- Income exclusion for certain forgiven student loan debt
- Retirement savings incentives
- Eliminate stepped up basis at death (or tax unrealized capital gains at death)
- Reduce the estate tax exemption amount, possibly to 2009 levels

Possible additional proposals

Although congressional Democrats can be expected to give the president considerable deference in setting the agenda, the chairs and members of the tax-writing committees can be expected to advance their own priorities in tax legislation acted on by the House and Senate. And, of course, the “sausage making” compromise and accommodation that goes into putting together a tax bill often results in provisions of interest to various members of Congress being included in tax legislation. Thus, other tax policy changes can be expected to be on the table as legislation is assembled—including revenue raisers and other proposals that have been raised in the past.

Further, the Biden Administration and Congress might try to pursue some tax policy changes for which there could be some bipartisan support. These might include, for example:

- Enhancing retirement savings (perhaps based on a bipartisan bill introduced in the prior Congress by Ways and Means Chair Neal (D-MA) and ranking member Brady (R-TX))
- Promoting research and development (perhaps including postponing or eliminating the change to the treatment of research and experimentation expenditures that is scheduled to go into effect in 2022 under the TCJA)
- Providing tax incentives for investment in the United States

It’s also worth considering whether the ongoing BEPS 2.0 project work at the OECD could be the impetus for significant future bipartisan tax legislation. For example, if the OECD work produces an agreement on new sourcing rules and global taxing rights, the United States might propose new tax legislation in response to that consensus. If, on the other hand, the OECD fails to produce a consensus, the result could be a series of unilateral digital services taxes that fall especially hard on U.S. companies. This too could lead to a U.S. tax response, possibly on a bipartisan basis.

¹¹ In addition, note that one of the Unity Task Force Recommendations refers to limiting the ability of wealthy taxpayers to defer and avoid taxes on income (especially that relates to financial investments). Although it is not certain, this language might refer to a possible mark-to-market regime. Senate Finance Committee ranking member Ron Wyden (D-OR), the likely next chair of the Committee based on the apparent Georgia run-off election results, previously released a report describing a proposed mark-to-market system for taxing capital income of certain individuals who satisfy income or asset thresholds. Read [TaxNewsFlash](#).

Likelihood of enactment/important caveats

Although major tax changes may be on the table given the apparent results of the Georgia run-off election, enacting such changes would face a number of political and practical hurdles. For example:

- There is a long list of Democratic policy priorities competing for legislative action—many outside of the tax realm. The White House and Congress would need to determine which policy areas to address first—and the priorities at any given time might be affected by current events. For example, election reform could be expected to be a high priority and might be one of the first items addressed in a Democratic Congress (along with COVID-19 relief legislation). Thus, while it is possible that Democrats may try to include tax provisions in some “front burner” policy initiatives (in particular as “pay-fors” for these other policy priorities), putting together a major tax bill might fall behind other priorities.
- Under current Senate rules, 60 votes are generally needed to avoid a filibuster of legislation. As a result, bipartisan agreement generally would be needed for the Senate to pass legislation, unless Senate Democrats vote to eliminate the so-called filibuster. However, eliminating the filibuster rule so that legislation could pass the Senate by a simple majority would require support from **all** Senate Democrats. This could be challenging. Indeed, on November 9, 2020, Sen. Manchin (D-WV) reportedly indicated that he would oppose eliminating the filibuster.
- If the filibuster rule is not eliminated, Senate Democrats would need to use “budget reconciliation” procedures to pass any tax bill that lacks Republican support. That would require the substance of the bill to comply with various arcane requirements. Moreover, using these procedures could require Democrats to package major tax policy changes together rather than to include tax provisions in various bills throughout the year as components of different policy initiatives (as contemplated in Biden’s campaign proposals). Packaging numerous major revenue-raising policy changes in a single bill could up the ante on structuring the legislation to be politically palatable to every Senate Democrat.
- Even if the filibuster rule is eliminated or budget reconciliation rules are used, leadership in the House and Senate would need to take into account political considerations—such as potentially differing views of progressive and moderate members of their caucuses—in assessing both the substance of proposed legislation and in counting Democratic votes in support of legislation. If Democrats seek to move legislation that would not have any Republican support, they could not lose **any** Democratic votes in the Senate and could not lose many Democratic votes in the House.
- For example, as long as Democrats only hold the majority by virtue of the potential role of a Vice President Harris, they either (1) would need **every** Democratic senator to support legislation or (2) would need to at least get **some** Republicans on board.¹² The potential need to secure the support of every Democrat would give each Democratic senator tremendous power over the content of the bill, likely resulting in compromises affecting the substance and design of legislation. Likewise, in the House, Speaker Pelosi would face the challenge of putting together legislation that almost all House Democrats could support, notwithstanding potentially different perspectives of different members of the Democratic caucus. Thus, tax bills likely would need to be carefully crafted to garner the necessary support (e.g., with tax increases being paired with significant tax cuts for lower income

¹² This would be the case regardless of whether Democrats use budget reconciliation procedures to pass a tax bill or eliminate the filibuster rule.

individuals, stimulus/relief/incentives for certain businesses, or achieving significant non-tax policy objectives).

- As 2021 progresses, the state of the economy and of particular sectors, as well as the state of COVID-19, could affect which tax policy proposals Biden and congressional Democrats might push for and ultimately be able to reach consensus on—as well as the technical details of those proposals (e.g., amounts of possible rate increases, effective dates, phase-ins, dollar thresholds, exceptions, transition rules, etc.).

Possible retroactivity

If legislation is enacted during 2021 that includes increases in tax rates, it is possible, although far from certain, that some of the increases could be effective retroactive to the beginning of 2021. While rare, there are historical precedents for tax rate increases being applied retroactively. Further, the Supreme Court has upheld some retroactive changes to existing tax laws against challenge under the due process clause of the U.S. Constitution.

Nonetheless, ultimately what changes lawmakers decide to make, as well as when those changes are enacted and are effective, can be expected to be affected by political and other factors (including the state of the economy)—and some of those factors might weigh against significant retroactive changes. As a result, even though it might be possible for legislation to be enacted increasing tax rates retroactively (e.g., to the beginning of the year of enactment), it is by no means certain that a Congress controlled by Democrats ultimately would do so—particularly given the likely inability to lose **any** Democratic votes in the Senate or to lose more than a small number of Democratic votes in the House.

Additional resources

KPMG's [**Catching up on Capitol Hill podcast series**](#) includes insights from KPMG professionals about current developments in Washington and what might happen next. So far, over 20 podcasts have been released that cover topics relating to the organization of the Congress, the possible post-election agenda, Biden's campaign tax proposals, COVID-19, and more. Additional podcasts will be released soon.

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In the **Catching Up on Capitol Hill** podcast series, you'll hear from KPMG professionals about current developments in Washington and what may happen next. And we'll discuss why it's happening. All with the goal of helping you to make sense of tax policy discussions, understand what the impacts may be on your organization, and aid you as you go about your daily job.

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Exhibit A - Business tax proposals

Business - General

TOPIC	CITE TO CAMPAIGN PLAN OR OTHERWISE
Increase statutory corporate tax rate from 21% to 28%	Plan to Invest in Middle Class Competitiveness and Climate Change Plan reference generally.
Create a new corporate minimum tax of 15% on global book income of \$100 million or more	Widely reported
Phase out section 199A deduction for individuals with over \$400,000 in taxable income	Widely reported

Business - Domestic manufacturing

TOPIC	CITE TO CAMPAIGN PLAN OR OTHERWISE
Provide Manufacturing Communities Tax Credit that promotes revitalizing, renovating, and modernizing existing or recently closed down facilities; expand and extend tax credits that "turbocharge" growth in domestic manufacturing; provide 10% advanceable credit to companies making investments in domestic manufacturing by revitalizing closed facilities, retooling existing facilities, "reshoring" production to United States, or (possibly) increasing manufacturing wages	Plan to Ensure the Future Is "Made in All of America" by All of America's Workers; Plan to Invest in Middle Class Competitiveness; Fact Sheet on the Biden-Harris Plan to Fight for Workers by Delivering on Buy America and Make It in America (released on September 9, 2020)
Establish new incentives (including tax credits) for companies to make critical new products in United States	Plan to Ensure the Future Is "Made in All of America" by All of America's Workers; Plan to Rebuild U.S. Supply Chains and Ensure the U.S. Does Not Face Future Shortages of Critical Equipment

Business - International

TOPIC	CITE TO CAMPAIGN PLAN OR OTHERWISE
Increase Global Intangible Low Tax Income ("GILTI") rate from 10.5% to 21%.	Fact Sheet on the Biden-Harris Plan to Fight for Workers by Delivering on Buy America and Make It in America (released on September 9, 2020)
End TCJA incentives that "allow multinationals to dramatically lower taxes on income earned overseas"	Plan to Ensure the Future Is "Made in All of America" by All of America's Workers; Fact Sheet on the Biden-Harris Plan to Fight for Workers by Delivering on Buy America and Make It in America (released on September 9, 2020)
Establish "claw back" provision to force a company to return tax benefits when it closes down U.S. jobs and send jobs overseas; deny deductions and expensing write-offs "for moving jobs or production overseas – where those jobs could plausibly be offered to American workers"	Plan to Ensure the Future Is "Made in All of America" by All of America's Workers; Fact Sheet on the Biden-Harris Plan to Fight for Workers by Delivering on Buy America and Make It in America (released on September 9, 2020).
Offshoring tax penalty –10% surtax on certain profits of U.S. companies with offshore production that sell back to the United States	Fact Sheet on the Biden-Harris Plan to Fight for Workers by Delivering on Buy America and Make It in America (released on September 9, 2020)
Confront global tax secrecy and avoidance	Plan to Ensure the Future Is "Made in All of America" by All of America's Worker's; tax havens also mentioned generally in Plan to Invest in Middle Class Competitiveness and Climate Change Plan
Tighten anti-inversion rules	Plan to Ensure the Future Is "Made in All of America" by All of America's Worker's; Fact Sheet on the Biden-Harris Plan to Fight for Workers by Delivering on Buy America and Make It in America (released on September 9, 2020)

Business - Pharmaceuticals

TOPIC	CITE TO CAMPAIGN PLAN OR OTHERWISE
Change Tax Code to eliminate incentives for pharmaceutical and other companies to move production overseas; pursue other Tax Code changes to encourage pharmaceutical production in United States	Plan to Ensure the Future Is "Made in All of America" by All of America's Worker's; Plan to Rebuild U.S. Supply Chains and Ensure the U.S. Does Not Face Future Shortages of Critical Equipment
Tax penalty on drug manufacturers that increase costs of certain drugs over general inflation rate	Plan for Older Americans
Terminate pharmaceutical corporations' tax break for advertising spending	Plan for Older Americans; Plan for Health Care; Plan to End the Opioid Crisis
Oblique reference to raising taxes on profits of pharmaceuticals to offset costs of responding to opioid crisis	Plan to End the Opioid Crisis

Business - Energy

TOPIC	CITE TO CAMPAIGN PLAN OR OTHERWISE
Reform and extend tax incentives that generate energy efficiency and clean energy jobs	Plan to build a Modern, Sustainable Infrastructure and an Equitable Clean Energy Future
"Double down" on research investments and tax incentives for technology that captures and permanently sequesters or utilizes carbon	Plan to build a Modern, Sustainable Infrastructure and an Equitable Clean Energy Future; Climate Change Plan
Tax credits to help businesses upgrade equipment and processes, invest in new or expanded factories, and deploy low-carbon technologies	Plan to Invest in Middle Class Competitiveness/Infrastructure; Climate Change Plan
Repeal fossil fuel subsidies	Mentioned generally in Plan to Invest in Middle Class Competitiveness/Infrastructure; Climate Change Plan
Restore full electric-vehicle credit (possibly targeted to middle class consumers and to domestic made vehicles)	Plan to Invest in Middle Class Competitiveness/Infrastructure; Climate Change Plan
Reinstate tax credits for residential energy efficiency	Plan to Invest in Middle Class Competitiveness/Infrastructure
Expand tax deductions for energy retrofits, smart metering systems, and other emissions-reducing equipment in commercial buildings	Plan to Invest in Middle Class Competitiveness/Infrastructure
Reinstate solar investment tax credit, slated to scale back in two years	Plan to Invest in Middle Class Competitiveness/Infrastructure

Business - Opportunity zones/housing & community credits/real estate

TOPIC	CITE TO CAMPAIGN PLAN OR OTHERWISE
Expand and make permanent the new markets tax credit (NMTC)	Lift Every Voice: The Biden Plan for Black America; Plan to Invest in Middle Class Competitiveness; Plan for Investing in Our Communities through Housing; Plan to Build Back Better by Advancing Racial Equity across the American Economy
Expand low-income housing tax credit	Lift Every Voice: the Biden Plan for Black America; Plan for Investing in Our Communities through Housing
Expand tax deductions for energy retrofits, smart metering systems, and other emissions-reducing equipment in commercial buildings	Plan to Invest in Middle Class Competitiveness/Infrastructure
Possibly, repeal like-kind exchange rules (potentially only for investors with incomes in excess of \$400,000)	Widely reported
Limit ability of investors to use real estate losses (possibly only for investors with incomes in excess of \$400,000) – details not specified but might involve changes to passive activity loss rules, depreciation rules, or loss limitation rules	Widely reported
Direct Treasury to review Qualified Opportunity Zone benefits to ensure they are only being allowed where there are clear economic, social, and economic benefits to a community and not just high returns (like from luxury apartments and luxury hotels). Require detailed reporting and public disclosure by recipients of zone tax breaks regarding impact on local residents, including poverty status, housing affordability, and job creation. See "Individuals" chart for incentives for buyers and renters and "Business-Other Credits" for child care construction credit	Plan to Build Back Better by Advancing Racial Equity across the American Economy

Business - Financial institutions

TOPIC	CITE TO CAMPAIGN PLAN OR OTHERWISE
Tax liabilities of "ultra large banks to promote financial stability and fund investments in American productivity" – possibly with "over \$50 billion in assets" threshold for applicability	Unity Task Force Recommendations; Plan for Investing in Our Communities through Housing references using taxes on large financial institutions as revenue offset

Business - Other

TOPIC	CITE TO CAMPAIGN PLAN OR OTHERWISE
Childcare construction tax credit to encourage businesses to build childcare facilities at places of work	Plan to Build Back Better by Advancing Racial Equity across the American Economy
Increase tax credits for small businesses to improve accessibility and comply with the Americans with Disabilities Act	Plan for Full Participation and Equality for People with Disabilities
Provide an employer hiring a person with a disability a tax credit of up to \$5,000 the first year and \$2,500 if the worker completes a second year of employment, and up to \$30,000 in tax credits to improve workplace accessibility	Plan for Full Participation and Equality for People with Disabilities
Refundable tax credit to reimburse companies and nonprofits for extra costs of providing full health benefits of all workers during a period of work hour reductions	Plan to Scale Up Employment Insurance by Reforming Short-Time Compensation Programs
Expand work opportunity tax credit (WOTC) to include military spouses	Plan to Fulfill Our Commitment to Military Families, Caregivers, and Survivors
Tighten independent contractor classification rules See Retirement Savings & Qualified Plans for small business savings plan tax credits	Widely reported

Exhibit B - Individual and estate proposals

Individuals - Revenue raisers

TOPIC	CITE TO CAMPAIGN PLAN OR OTHERWISE
Increase top individual tax rate to 39.6% for taxpayers with income over \$400,000 (with whether threshold varies by filing status not specified)	Referenced generally in Plan for Health Care
Phase out section 199A deduction for individuals with over \$400,000 in taxable income	Widely reported
Cap tax benefits of itemized deductions at 28% of value	Widely reported
Phase out itemized deductions for taxpayers with income over \$400,000	Widely reported
Subject wages in excess of \$400,000 to OASDI portion of Social Security tax.	Lift Every Voice: The Biden Plan for Black America; Plan for Older Americans
Increase capital gains and qualified dividends tax rate for individuals with over \$1 million in income by adding a fourth bracket for long-term capital gains and qualifying dividends at a 39.6% rate.	Referenced generally in Plan for Health Care
Limit ability of wealthy taxpayers to defer and avoid taxes on income (especially that relates to financial investments) – not specified, but might relate to “marking to market” investments	Included in Unity Task Force Recommendations
Close loopholes allowing the “super wealthy” to avoid taxes on capital gains altogether	Plan for Health Care
Increase tax compliance with respect to high income earners	Press reports of Caregiving Economy Plan

Individuals - Credits & other

TOPIC	CITE TO CAMPAIGN PLAN OR OTHERWISE
Increase refundability of child and dependent care tax credits to 100% and provide for credits to be "advanceable"	Unity Task Force Recommendations
Increase child and dependent care tax credit up to \$8,000	Plan for Full Participation and Equality for People with Disabilities
Refundable and advanceable tax credit of up to \$15,000 to help families purchase first homes	Plan for Full Participation and Equality for People with Disabilities; Lift Every Voice: The Biden Plan for Black America; Plan for Investing in Our Communities through Housing; Plan to Build Back Better by Advancing Racial Equity across the American Economy
Renter's tax credit to reduce rent and utilities to 30% of income of certain low-income individuals	Plan for Investing in Our Communities through Housing; Plan to Build Back Better by Advancing Racial Equity across the American Economy
Low and middle income family refundable tax credit of as much as \$8,000 to help pay for child care	The Biden Agenda for Women
Expand earned income tax credit (EITC) for childless workers over 65	Plan for Older Americans and Retirement
Expand Affordable Care Act (ACA) premium tax credit; other changes to lower premiums and deductibles through changes in credit calculations	Plan for Full Participation and Equality for People with Disabilities; Lift Every Voice: The Biden Plan for Black America; Plan for Health Care
\$5,000 tax credit for informal caregivers	Plan for Full Participation and Equality for People with Disabilities; The Biden Agenda for Women; Plan to Fulfill Our Commitment to Military Families, Caregivers, and Survivors (in context of veterans); Plan for Older Americans
Student loan debt forgiven through income-based repayment program not taxed	Plan for Education beyond High School
Downpayment assistance for buying or renting safe quality housing through refundable and advanceable credit	Plan for Investing in Our Communities through Housing
Tax credit for families to renovate distressed properties in distressed communities (Neighborhood Homes Investment Act)	Plan to Build Back Better by Advancing Racial Equity across the American Economy
Temporary expansion of child tax credit for an indeterminate period depending on the course of the pandemic as proposed in House-passed "HEROES" bill (i.e., increase the credit to \$3,000 or \$3,600 per child depending on child's age, make credit fully refundable, and allow families to choose monthly payments)	A Tale of Two Tax Policies campaign website document

Death/estates

TOPIC	CITE TO CAMPAIGN PLAN OR OTHERWISE
Tax unrealized capital gains at death, using the proposed increased capital gains and dividend rates, or eliminate stepped up basis at death.	Widely reported
Reduce the estate tax exemption possibly to 2009 levels.	Plan to Support Women During the Covid-19 Crisis.

Exhibit C - Retirement savings, qualified plan, and ABLE plan proposals

Retirement savings, qualified plans, etc.

TOPIC	CITE TO CAMPAIGN PLAN OR OTHERWISE
Tax credits for small businesses to offset much of costs of workplace savings plans. Provide that almost all workers without 401(k) or pension have access to "automatic 401(k)," providing opportunity to save for retirement	Plan to Build Back Better by Advancing Racial Equity across the American Economy; Plan for Older Americans and Retirement
Equalize tax benefits of defined contribution plans across the income scale so that low and middle income workers get a deferral tax break when put money away for retirement (possibly through refundable tax credit mechanism)	Lift Every Voice: The Biden Plan for Black America; Plan for Older Americans and Retirement; Plan to Build Back Better by Advancing Racial Equity across the American Economy
Remove penalties for caregivers who want to save for retirement by allowing them to make catch up contributions even if they're not earning income in the formal labor market	Lift Every Voice: The Biden Plan for Black America
Expand access to tax-advantaged "ABLE" accounts, providing people with disabilities a way to pay for qualified disability-related expenses	Plan for Full Participation and Equality for People with Disabilities
Treat recovering from domestic violence or sexual assault as qualifying condition for hardship withdrawal	Plan to End Violence against Women
Allow survivors of domestic violence or sexual assault to take distributions from retirement savings without penalty to achieve safer life	Plan to End Violence against Women

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