



TaxNewsFlash

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FY 2023 budget: “Green Book”—Treasury’s explanation of tax proposals

The U.S. Treasury Department this afternoon released the “Green Book”—a 120-page explanation of the tax proposals in the administration’s FY 2023 budget.

The title of the [Green Book](#) [PDF 2.45 MB] is “General Explanations of the Administration’s Fiscal Year 2023 Revenue Proposals.”

According to the Green Book, there are proposals to reform corporate taxation, encourage housing and urban development, strengthen the taxation of high-income taxpayers, support families and students, close loopholes, and improve tax administration and compliance.

- Reforms to business and international taxation would be intended to collect sufficient revenue, build a fairer tax system, and reduce tax incentives that encourage profit shifting and offshoring.
- There are proposals to eliminate all fossil fuel subsidies.
- Substantial revenues would come from strengthening the taxation of high-income taxpayers.
 - Income tax rates for those with the highest incomes would increase.
 - Reformed taxation of capital income would even the tax treatment of labor and capital income and eliminate a loophole that lets some capital gains income escape income taxation forever.
 - For extremely wealthy taxpayers, a minimum income tax would require prepayment of taxes on unrealized capital gains, such that liquid taxpayers are taxed at a rate of at least 20% on their income including unrealized capital gains.
 - Similarly, several loopholes used by high-income taxpayers to avoid income, estate, and gift taxation would be closed—including the carried interest preference and the like-kind exchange real estate preference which would be eliminated for those with the highest incomes.
- There are proposals that would improve, modernize, and simplify tax administration—such as proposals to revise tax rules to include digital assets; proposals that improve the tax administration of employee benefits; and proposals that help the IRS address common tax administration issues.

Read a [revenue estimate](#) [PDF 1.4 MB] of the tax proposals in the Green Book.

KPMG will shortly provide a discussion of initial impressions of the tax proposals in the FY 2023 budget, to be followed by a more detailed discussion of the tax provisions in the budget.

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