



# GMS Flash Alert



2021-277 | November 12, 2021

## United States – KPMG Publishes Report on Modified Build Back Better Act

On November 12, 2021, the Washington National Tax Practice (WNT) at KPMG LLP (U.S.) released “‘Build Back Better Act’ tax proposals in pending House bill: KPMG analysis and observations,”<sup>1</sup> a comprehensive report on the legislative text marked up and approved by the U.S. House of Representatives’ Rules Committee for the House floor’s consideration (“the House bill”)<sup>2</sup>. The KPMG report provides a thorough review and analysis from WNT professionals on the potential impact of these proposals on companies, individuals, and cross-border assignments.

### WHY THIS MATTERS

As global-mobility managers and international assignees are trying to estimate the impact of the various tax proposals included and then dropped in previous versions leading up to the House bill, the proposals included in the House bill are closer to the final versions that may be enacted into law. The comprehensive analysis and insights provided in the KPMG report could be a valuable resource to global-mobility program managers in evaluating the tax impact of the proposals on their programs.

### Tax Proposals of Interest to Global Mobility Programs and Assignees

KPMG’s report includes analyses of the following tax proposals that may impact international assignees and/or mobility programs (for related coverage, see [GMS Flash Alert 2021-273](#), November 5, 2021).

#### Individual Income Tax Changes

- Increase and extend the temporary limitation on the deduction for state and local taxes from \$10,000 to \$80,000 (\$40,000 if a married individual filing a separate return) for tax years 2021 through 2030, and set the limitation at \$10,000 (\$5,000 if a married individual filing a separate return) for tax year 2031.

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- Impose a tax equal to 5 percent of a taxpayer's modified adjusted gross income (MAGI) in excess of \$10 million and an additional tax of 3 percent of a taxpayer's MAGI in excess of \$25 million.
- Modify the application of the Net Investment Income Tax to trade or business income of certain high-income individuals.
- Limit excess business losses of noncorporate taxpayers.
- Create an above-the-line deduction for employee uniforms and union dues.

## Foreign Tax Credits

- Modify the foreign tax credit (FTC), including:
  - o require the FTC limitation be determined on a country-by-country basis; and
  - o disallow excess FTCs to be carried back one year.

## Retirement Plans

- Impose a contribution limit for individual retirement plans of high-income taxpayers with large account balances.
- Increase the minimum required distributions for high-income taxpayers with large retirement account balances.
- Modify the tax treatment of rollovers to Roth IRAs and accounts.

## Individual Income Tax Incentives and Credits

- Modify the Child Tax Credit, including:
  - o extend and modify the Child Tax Credit and advance payment for 2022; and
  - o make the Child Tax Credit fully refundable after 2022.
- The bill also includes a number of green energy, energy efficiency, and alternative vehicle incentives for individuals.

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## KPMG NOTE

KPMG LLP (U.S.) is actively monitoring the progress of the *Build Back Better Act* through the legislative process and will continue to advise of any significant developments.

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## FOOTNOTES:

1 See: "['Build Back Better Act' tax proposals in pending House bill: KPMG analysis and observations](#)," a publication of KPMG LLP (U.S.).

2 The Rules Committee Print of the Act is available [here](#). An approved amendment to the manager's amendment is available [here](#). A section-by-section summary of the Rules Committee Print of the Act is available [here](#).

**The above information is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230 as the content of this document is issued for general informational purposes only.**

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