# Biden renews call for corporate, high-wealth tax hikes

Fresh off a deal with House Republicans to avert a default on the nation's credit obligations and likely looking ahead to his 2024 re-election bid, President Biden on June 2 reiterated his commitment to increasing taxes on large corporations and ultrawealthy individuals.

Biden's comments came during an Oval Office address to discuss congressional passage of the Fiscal Responsibility Act, which suspended the federal debt limit through January 1, 2025, imposed new limits on federal spending, and made other policy changes. The legislation cleared the House on May 31 and the Senate on June 1. The president signed it into law on June 3 after the enrolled bill was delivered to the White House from Capitol Hill. (For details on the measure, see *Tax News & Views*, Vol. 24, No. 21, May 31, 2023.)
**URL:** https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230531_1.html

## Biden: 'Coming back' for revenue raisers

During the course of his negotiations with House Speaker Kevin McCarthy, R-Calif., in recent weeks over the contours of a potential debt limit deal, Biden tried without success to include tax increases, in addition to the spending cuts sought by House Republicans, as part of a package to bring down the federal deficit. It is unclear exactly what revenue raisers the president proposed in those talks, but in a May 21 statement on Twitter, he touted provisions in his fiscal year 2024 budget blueprint that would, among other things, increase the income tax rate on corporations and the top income tax rate for individuals, increase the current global minimum tax on corporations (GILTI) to bring it in line with the OECD's Pillar Two corporate minimum tax, impose a minimum tax on "billionaires," and increase the excise tax rate on stock buybacks.
**URL:** https://twitter.com/POTUS/status/1660316196909072390?cxt=HHwWjIC-uZmy0IouAAAA

In his Oval Office remarks, Biden was adamant that he intends to keep revenue provisions in the mix during future discussions over how to reduce the federal deficit.

"[I] proposed closing over a dozen special interest tax loopholes for Big Oil, crypto traders, hedge fund billionaires—saving taxpayers billions of dollars," the president said of his debt limit negotiations with the GOP. "Republicans . . . defended every single one of these special interest loopholes. Every single one. But I'm going to be coming back. And with your help, I'm going to win."

Biden explicitly doubled down on his proposed "billionaires" minimum income tax, which, as proposed in his fiscal year 2024 budget blueprint, calls for a tax of 25 percent on total income—generally including unrealized capital gains—of taxpayers with wealth of more than $100 million. Citing his longstanding position that the benefits in the federal tax code are skewed toward wealthier taxpayers, Biden stated that "[n]o billionaire should pay less in federal taxes than a teacher or firefighter."

The president also reiterated his pledge that he would not increase federal taxes on individuals making less than $400,000 a year.

Biden is unlikely to realize his revenue-raising ambitions in the 118th Congress given the staunch opposition to tax increases among Republican lawmakers. In the House, Speaker McCarthy has focused his tax policy agenda on preserving the corporate tax relief enacted in the Tax Cuts and Jobs Act of 2017 (TCJA, P.L. 115-97) and permanently extending the TCJA's tax breaks for individuals, estates, and passthrough businesses that are scheduled to expire after 2025. (For a discussion of the House Republican agenda, see *Tax News & Views*, Vol. 24, No. 2, Jan. 13, 2023.) A significant revenue package also is unlikely to advance in the narrowly divided Senate, where Democrats control only 51 seats and 60 votes are typically required for legislation to overcome procedural hurdles. The president's proposals do, however, provide a clear roadmap of where Biden intends to take tax policy if he wins a second term in office and Democrats win control of both chambers in Congress in the 2024 elections.
**URL:** https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230113_1.html

**CBO: IRS funding cut means $40 billion revenue loss**

The president's plans to raise revenue by narrowing the "tax gap"—the difference between the amount of tax legally owed to the government and the amount that is timely paid and collected—also took a hit in the debt limit negotiations after the White House agreed to cut just over 25 percent of the roughly $80 billion in mandatory spending (over 10 years) that was allocated to the Internal Revenue Service under last year's Inflation Reduction Act (P.L. 117-169).

The Fiscal Responsibility Act immediately rescinds $1.4 billion in Inflation Reduction Act funding that had been included in the agency's strategic operating plan for fiscal year 2023 to enhance its enforcement programs so it could more effectively address tax avoidance and tax evasion. A separate "handshake" agreement between the president and Speaker McCarthy that was not incorporated into the text of the legislation redirects another $20 billion of enforcement-related funding over the next two years—$10 billion in fiscal year 2024 and $10 billion in fiscal year 2025—to other unspecified nondefense discretionary priorities. It's worth noting that the $21.4 billion in total funding reductions under the just-enacted legislation is far less than the $71 billion cut that House Republicans had initially demanded in their Limit, Save, Grow Act, which they moved through the chamber on April 26 and which served as the GOP's opening bid in the debt limit talks.

According to a preliminary revenue score provided to Senate Budget Committee Chairman Sheldon Whitehouse, D-R.I., by the nonpartisan Congressional Budget Office on June 1, the funding rescission as enacted—including the agreement to redirect supplemental IRS funds in fiscal years 2024 and 2025—will result in a net increase in the federal deficit of $19 billion over the 10-year budget window (covering 2023-2033) through the combined effect of the $21.4 billion reduction in direct spending and a $40 billion loss in revenue from forgone tax collections. (An initial estimate from the CBO that did not include the effects of redirecting some Inflation Reduction Act funds in fiscal years 2024 and 2025 indicated that the revenue loss from forgone tax collections would be limited to $2 billion over the budget window.)
**URL:** https://www.budget.senate.gov/imo/media/doc/CBO%20Preliminary%20Score%20of%20IRS%20Rescissions%206-1-23_Redacted.pdf

The IRS funding boost enacted in the Inflation Reduction Act is likely to persist as a hot-button issue among lawmakers for the duration of the 118th Congress and possibly beyond.

Senate Finance Committee member John Cornyn, R-Texas, recently told reporters that the decision to trim $21.4 billion of that funding in the Fiscal Responsibility Act represents "a step in the right direction" but added that Republicans have "got more work to do."

Finance Committee Chairman Ron Wyden, D-Ore., announced his commitment to preserving what's left of the supplemental enforcement funds.

"Speaker McCarthy has already declared that he's committed to repealing the rest of that tax enforcement funding . . . ," Wyden said in a statement released June 2. "I'm going to fight any effort to make that happen, and I'll continue working to make sure the IRS has the resources it needs to crack down on wealthy tax cheats and provide a high level of customer service for everybody else."

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