

Legislative Updates and End-of-Year Planning Tips for Business-Owning Families

Wednesday, November 10, 2021

10– 11 a.m. PST

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Focused – exclusively promotes the reduction and ultimate repeal of estate, gift and generation-skipping taxes.

Strategic – tactically and credibly engages and educates legislators in a bipartisan manner and motivates and organizes allies in the fight.

Innovative – develops data, research and information, with polls, focus groups, researchers and academics, to substantiate the need for repeal.

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2021 House Budget
Reconciliation Tax
Proposals and the
Build Back Better
Framework



2022 Individual Tax Rate Increases Proposed

- Reinstates the **39.6% top ordinary income tax rate** (up from 37%)
- Establishes a **3% surtax on income >\$5M** (including capital gains) on individuals, trusts, and estates.
- Imposes a **25% long-term capital gains (and dividends) tax rate** applicable to income levels greater than \$400K (single) and \$450K (joint).



2021 Estate and Gift Tax Proposals

- **Effective beginning 2022**, accelerates the 2017 Tax Cuts and Jobs Act (TCJA) estate and gift tax exclusion 2026 sunset, cutting the current \$11.7M per person exclusion roughly in half to \$6.02 million, indexed for inflation.
- Effective on date of enactment, restrictions on the application of valuation discounts to “non-business assets” for transfer tax purposes.
- Effective on date of enactment, new code provisions would require grantor trusts to be included in grantor decedent’s taxable estate and treat transactions between grantor and grantor trust as taxable transactions (applicable to future trusts, transfers, and transactions only).
- **Prohibits any IRA funds from being invested in a non-publicly traded entity**
- Caps the allowable 199A deduction at \$400K (single) and \$500K (joint)



Build Back Better; Framework

Investments in Children, Families and Caregiving that Grow the Economy's Capacity

- Universal Preschool for all 3- and 4-year Olds
- Affordable High Quality Child Care
- Affordable, High-Quality Care for Hundreds of Thousands of Older Americans and People with Disabilities in Their Homes and Communities
- Expanded Child Tax Credit

Investments in Clean Energy and Combatting Climate Change

- Clean Energy Tax Credits (\$320 billion)
- Resilience Investments (\$105 billion)
- Investments and Incentives for Clean Energy Technology, Manufacturing, and Supply Chains (\$110 billion)
- Clean Energy procurement (\$20 billion)

Affordable Care for Millions of Hardworking Americans

- Affordable Care Act Premium Tax Credits
- Allow Medicare to cover the cost of hearing

Bringing Down Costs, Reducing Inflationary Pressures, and Strengthening the Middle Class

- Housing
- Education Beyond High School and Workforce Development
- Earned Income Tax Credit for 17 Million Low-Wage Workers
- Equity and Other Investments

Improve Our Immigration System Consistent with the Senate's Reconciliation Rules

Build Back Better; Framework; Expenditures

**Investments
in \$ billion**

Child Care and Preschool; \$400

Home Care; 150

Child Tax & Earned Income Tax Credits; \$200

Clean Energy and Climate Investments; \$555

ACA Credits, Including in Uncovered States; \$130

Medicare Hearing; \$35

Housing; \$150

Higher Ed and Workforce; \$40

Equity & Other Investments; \$90

Total \$ 1750 trillion

Immigration 100

BBB: The Framework, “Fully Paying for the Historic Investments

- **15% minimum tax on the corporate profits** that large corporations with profits in excess of \$1 billion dollars.
- **1% surcharge on corporate stock buyback.**
- **15% country-by-country minimum tax** on foreign profits of U.S. corporations, so that they no longer receive massive tax benefits from shifting profits and jobs abroad.
- **Surtax on the income of multi-millionaires and billionaires** – a 5 percent rate above income of \$10 million, **\$200,000 for Trusts or Estate** and an additional 3 percent surtax on income above \$25 million, **\$500,000 for Trusts or Estate.**
- Close the **Medicare tax loophole with Net Investment Income Tax of 3.8%** for taxpayers with \$400,000/\$500,000
- **Business loss deductions for non-C Corp** changed and \$500,000 cap made permanent
- **Additional IRS enforcement resources** will be focused on pursuing those with the highest incomes with more than \$400,000 in income.

BBB Framework; WHAT WASN'T INCLUDED!

- **Elimination of Grantor Trusts**
- **Elimination of Valuation Discounts for Non-business assets**
- **Reduction of Estate Tax Lifetime Exemption**
- **IRA Limitation of Private Stock Ownership**
- **199A Reduction**
- **Elimination of Step Up In Basis**
- **No Increase in Estate Tax Rate**
- **Increase in Income Tax Rates; still could happen**
- **Increase in Cap Gains Tax Rate; still could happen**

Build Back Better; Framework; Offsets

Offsets – Estimates,
Subject to Confirmation
\$ billion

15% Corporate
Minimum Tax on Large
Corporations; **\$325**

Stock Buybacks Tax;
\$125

Corporate International
Reform to Stop
Rewarding Companies
That Ship Jobs and
Profits Overseas; **\$350**

AGI Surcharge on the
Top 0.02%; **\$230**

Close Medicare Tax
Loophole for Wealthy;
\$250

Limit Business Losses for
the Wealthy; **\$170**

IRS Investments to Close
the Tax Gap; **\$400**

Prescription Drugs:
Repeal Rebate Rule;
\$145

Up to a Total of: \$1995
trillion