



Wednesday, November 17th, 2021

As of today, the proposed Build Back Better America (BBBA) bill is being debated in Congress. The Infrastructure bill passed the House on November 5th, the Senate on August 10th, and President Biden signed it November 15th. There is no significant tax legislation in the Infrastructure bill.

The content of the tax legislation in the BBBA bill has changed dramatically from what originally passed the House Ways and Means Committee on September 13th, 2021, as also reported in an earlier tax update from **Archford Accounting**.

MOST significantly, the pending House version of the BBBA does **not** include increases in rates—corporate, individual, or capital gains.¹ These changes were necessary to address concerns raised in the Senate. Also, the other biggest headline from recent changes to this bill stem from the proposed increase in the SALT (State and Local Tax) itemized deduction cap from \$10,000 to \$80,000.

Recent events

On November 5th, the House approved a Rule that provides for a vote on the BBBA, H.R. 5376. The vote on the bill itself has been postponed, pending estimates of spending and revenue by the Congressional Budget Office (CBO). However, a vote might take place this week. The pending bill is a somewhat slimmed down version of the “Build Back Better” economic plan proposed by the Biden Administration in April. If passed by the House, the bill would move to the Senate, where further changes would be expected.

The source of tax revenues from the Ways and Means Committee proposal have been overwhelmingly replaced with the following items:

Surcharges on high income individuals, estate, and trusts (5% of modified AGI in excess of \$10 million and an additional tax of 3% in excess of \$25 million);

A 15% minimum tax on adjusted financial statement income of corporations with three-year average income in excess of \$1 billion;

A 1% excise tax on the value of stock repurchased by publicly-traded U.S. corporations;

Modifications to tax rates and other international tax provisions;

Finally, a dramatic increase in IRS budget of \$88 billion over the next 10 years. Interestingly, \$45 billion is dedicated to enforcement, \$27 billion to operational support, \$5 billion for new business systems and less than \$2 billion for taxpayer services. This should promote an even stronger reliance on CPA firms such as **Archford Accounting** as they ensure taxpayers only pay their fair share of tax.

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¹ See KPMG at <https://assets.kpmg/content/dam/kpmg/us/pdf/2021/11/tnf-bbba-tax-proposals-pending-house-bill-nov11-2021.pdf> and Tax Foundation at <https://taxfoundation.org/build-back-better-plan-reconciliation-bill-tax/>