



PROPOSED JOE BIDEN “DAY ONE” AGENDA ON TAX ISSUES

Nov. 5, 2020

Note: This is not a comprehensive agenda for a Biden Administration. For instance, it does not include a robust and specific progressive tax reform agenda or regulatory actions that could be taken to create a fairer tax system especially if proposed legislation is stymied by Congress.

1. Build Back Better Through a Fair Share Tax System.

President Biden’s [Build Back Better](#) agenda will make major new investments in American manufacturing and innovation; modernize our infrastructure and create a clean energy future; build a 21st century caregiving and education workforce; and advance racial equity in America. These critical investments can be paid for by requiring the wealthy and big corporations to pay their fair share of taxes.

That’s why within the first 100 days of being sworn into office President Biden will propose an overhaul of our tax system that rejects supply-side, trickle-down tax cuts and begins by rolling back the Trump tax cuts that most directly benefit the wealthy and corporations. He will also reform other rigged aspects of our tax code that predate the Trump tax law by:

- Ending the special tax discount on investment income from stock and other assets that allows a billionaire to pay a lower tax rate than a firefighter or nurse.
- Closing the trust-fund loophole that lets wealthy families avoid all taxes on the growth in the value of their fortunes when they pass between generations.
- Revoking all the special tax breaks for real estate investors like Donald Trump that let them delay, reduce and eliminate their tax obligations.
- Restoring a higher, fairer tax rate on big profitable corporations and ensuring they stop dodging their taxes through accounting tricks by levying a 15% minimum tax on the profits reported to investors and ending tax breaks for outsourcing jobs and shifting profits offshore.

2. Assess the impact of the tax code on racial inequities and/or the racial wealth gap. (Maybe include as part of a broader initiative aimed at addressing racial economic disparities.)

The tax code has substantial impacts on racial equity. For example, the 2017 tax law worsened the racial income and wealth gaps, and major provisions of the tax code serve to reinforce historical inequities. Misguided tax enforcement priorities also result in inequities. An incoming administration can take steps to better assess these issues and address them, including:

- Direct the Statistics of Income Division of the IRS and the Office of Tax Analysis at Treasury to include race and ethnicity in their tax data analysis.
- Direct those offices to produce studies on how the “upside-down” tax expenditures related to wealth building—including savings incentives, homeownership subsidies, and preferential tax rates on investment income—affect the racial wealth gap.
- In addition to re-prioritizing IRS enforcement resources toward the largest sources of unpaid taxes—high-income individuals and businesses—so that low-income tax credit recipients are not disproportionately targeted for audits, an administration can take additional steps toward racial equity in enforcement. An executive action could require the IRS Commissioner to document, in consultation with the Office of the Taxpayer Advocate and the Department of Justice (DOJ) Office of Civil Rights, that tax enforcement actions do not vary by race or ethnicity. This analysis should include the rates and amounts of settlements reached in disputes with taxpayers by the race and ethnicity of the taxpayers involved, as recorded by the IRS Chief Counsel.

3. Restore Taxpayer Trust Through Strong Enforcement.

The most recent IRS “tax gap” report found that about [\\$380 billion in taxes goes uncollected](#) each year -- about one in seven dollars of total tax liability. About half of that shortfall comes from corporations and other businesses underreporting income. These business-tax scofflaws are able to get away with it because IRS auditing and enforcement budgets have been decimated in recent years. The ability to properly monitor the tax compliance of the rich and large corporations has particularly suffered. High-profile examples of blatant tax evasion by wealthy individuals and aggressive avoidance by multinational corporations bolster working Americans’ belief that the system is rigged against them. While rich tax evaders are going scot-free, low-income working families who claim tax credits are audited disproportionately, with insufficient protection for their rights. A Biden administration will rebuild the IRS and refocus its resources where the problem of uncollected taxes really lies: with rich households, wealthy business owners, and powerful corporations.

Specifically, prior to Tax Day (April 15) 2021, the Biden administration will announce its proposal for fairer and more efficient tax enforcement. Among the elements:

- A general dedication to rebuilding the IRS by substantially increasing its funding and hiring and refocusing audit resources.
- Directing the IRS Commissioner to develop a plan by a date certain for restoring audit rates on wealthy individuals and profitable corporations to at least the levels of a decade ago and improving audit protections for low-income tax credit recipients.
- Announcing a budget request to Congress that would achieve those goals.

4. Require Presidential and Vice-presidential Candidates and Officeholders to Release Their Tax Returns. (Maybe include as part of a broader democracy/good government agenda.)

Joe Biden believes in honest politicians, transparent governance, and the voters’ right to know. That’s why he’s released the last [21 years of his tax returns](#). On Day One, as part of broader legislation to create greater openness and transparency in government, he will propose requiring presidents, vice presidents and major-party candidates for those positions to disclose 10 years of their most recent tax returns, including their business tax returns, to the Federal Election Commission, which would then make the returns publicly available. These requirements were included in [H.R. 1, the For the People Act of 2019](#), which was passed by the House of Representatives in 2019.

5. Require Increased Disclosure by any Special Interest Seeking to Lobby the IRS, Treasury, or Other Executive Branch Office (including the White House) for Tax Relief. (Maybe include as part of a broader democracy/good government agenda.)

The IRS, Treasury, and other Executive Branch offices, such as the Office of Information and Regulatory Affairs and the Council of Economic Advisers, are regularly lobbied by special interests seeking tax relief, special tax treatment or some other type of tax benefit that may collectively cost taxpayers billions of dollars in tax revenues. In addition, the true parties in interest may be hidden behind a trade association, lobbying group, or tax-exempt organization that has agreed to lead the lobbying effort.

To restore trust in government, like the U.S. House of Representatives that requires submission of a Truth-in-Testimony form before a party can testify before a committee, the Executive Branch should require a Truth-in-Lobbying disclosure form before any person can discuss, suggest, or submit a proposal for tax relief or special tax treatment to the IRS, Treasury, or other Executive Branch office (including the White House). That form, which would have to be submitted in advance of a meeting or in connection with a written comment on a proposed change to the tax code, would have to disclose the person's potential stake in the tax proposal and it should be posted on an easily accessible part of an agency's website.

An individual, corporation, or other entity recommending the tax proposal would be required to disclose:

- How that person would benefit from the proposal; and
- Provide a dollar estimate for each such person's potential tax savings from the proposal using the following brackets: Under \$10,000; \$10,000 - \$100,000; \$100,000 - \$500,000; \$500,000 - \$2,500,000; \$2,500,000 - \$10,000,000; \$10,000,000 - \$100,000,000; \$100,000,000 - \$1 billion; over \$1 billion.