President Biden's Proposed Infrastructure Plan Includes Business Tax Provisions to Incentivize Infrastructure Investments and Fund the Plan

Description

By Russell Stein

On Wednesday, March 31st, President Biden released a summary of his administration's proposed The American Jobs Plan (the "TAJP"). TAJP is a \$2 trillion proposal focusing on public domestic infrastructure investments. To help incentivize infrastructure investments and fund the proposals, the TAJP summary includes the following tax related provisions:

- Increasing the corporate tax rate to 28 percent (from 21 percent currently),
- Changing how U.S. corporations are taxed on international operations including increasing the minimum
 tax on U.S. corporations to 21 percent and calculating it on a country-by-country basis, eliminate the
 exemption of a 10 percent return on tangible investment abroad (QBAI) and making it harder for U.S.
 corporations to "invert",
- Adding a 15 percent minimum tax on the income corporations use to report their profits to investors—known as "book income",
- · Increasing audits of large corporations,
- Adding a new tax credit to provide incentives to low- and middle-income families and to small businesses to invest in disaster resilience,
- Creating a targeted investment tax credit that incentivizes the buildout of at least 20 gigawatts of highvoltage capacity power lines,
- Proposing a ten-year extension and phase down of an expanded direct-pay investment tax credit and production tax credit for clean energy generation and storage, and
- Proposing an expanded tax credit to encourage businesses to build childcare facilities at places of work.

In addition, although not in the summary there has also been discussion about increasing the highest tax rate on individuals back to 39.6% (from 37% currently). No details have been provided regarding any of these proposals, and it is uncertain whether any will be enacted into law and if so, in what form.

Partridge Snow & Hahn counsel <u>Russell Stein</u> is ready to answer further questions and advise your business on the tax related provisions included in The American Jobs Plan.

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