

# Overview of President Biden's Tax Proposals

	Individuals	Corporations			
<b>Proposed Changes</b>	<ul style="list-style-type: none"> <li>▪ Raise Long Term Capital Gains for Households Making Over \$1 million 37% effective as of date of announcement 39.6% effective as of Jan. 1, 2022</li> <li>▪ End Step-Up in Basis at Date of Death for gains in excess of \$1.25 million or \$2.5 million per couple when combined with existing real estate exemptions, to include protections for family-owned businesses/farms</li> <li>▪ Taxation of appreciated property at time of gift</li> <li>▪ Ordinary Income Treatment vs. Capital Gains for Carried-Interests</li> <li>▪ Increase in Top Individual Tax Rate from 37% to 39.6% effective 2022</li> <li>▪ Elimination of §1031 Tax Deferral for Gains in Excess of \$500,000 per taxpayer</li> <li>▪ Permanently Restrict Excess Business Losses</li> <li>▪ Keep 3.8% Medicare Surtax in place and expand to all unearned income for households making more than \$400,000</li> </ul>	<ul style="list-style-type: none"> <li>▪ Raise Corporate Income Tax Rate from 21% to 28%</li> <li>▪ Minimum 15% Tax on Corporate Book Income for large companies that report high profits but have little taxable income</li> <li>▪ Raise Corporate Global Intangible Income Tax from 10.5% to 21%</li> <li>▪ Prevent U.S. Corporations from inverting or claiming tax havens as their residence</li> </ul>			
<b>Possible Implications</b>	<ul style="list-style-type: none"> <li>▪ Retroactive Increase in Long Term Capital Gains would counteract a sell off before a known Rate increase</li> <li>▪ Dramatic Decreases in Net Proceeds from a Sale of Privately Held Businesses</li> <li>▪ Reduction in Generational Wealth due to Double Taxation of Assets Transferred to Heirs due to repeal of step-up in basis</li> <li>▪ Increased Investment in Opportunity Zones</li> </ul>	<ul style="list-style-type: none"> <li>▪ Incentivize investment and level playing field between domestic and multinational corporations</li> <li>▪ Elimination of ability to shield profits in foreign tax havens</li> </ul>			
<b>M&amp;A OWNERSHIP TRANSITION CONSIDERATIONS</b>					
<b>Potential Impact of Proposed LTCG Tax Increase</b>	<b>Timing of Sale</b>	<b>Sale Proceeds</b>	<b>LTCG Rate</b>	<b>Tax on Sale</b>	<b>Net Cash</b>
	Current Law	\$20mm	20%	\$4mm	<b>\$16mm</b>
	Proposed 2021	\$20mm	37.0%	\$7.40mm	<b>\$12.60mm</b>
	Proposed 2022	\$20mm	39.6%	\$7.92mm	<b>\$12.08mm</b>