
The Biden Infrastructure Plan Corporate Tax Provisions

A First Look

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Overview of Biden Infrastructure Plan

- President Biden's infrastructure plan, known officially as [The American Jobs Plan](#), was introduced today (March 31)
- Would spend \$2 trillion over 8 years, paid for by 15 years of corporate tax increases (the "Made in America Tax Plan")
- *The Wall Street Journal* reports that Biden's advisers hope that bill can pass by summer
 - Legislative process uncertain, but seems likely that budget reconciliation will be the path
- Plan does not include Biden campaign proposals for raising top individual rates, cap gains rates and estate tax – there may be more to come

Corporate Tax Increases

- Corporate tax rate increased to 28% from 21%
- Tax on earnings of foreign subsidiaries (“GILTI”) increased to 21% from 10.5%
 - Reduction for 10% deemed return on fixed assets eliminated
 - GILTI tax determined country-by-country, so no blending high-tax income with low-tax income to optimize utilization of foreign tax credits
- Anti-profit shifting
 - New rules aim to limiting profit shifting by supporting global minimum tax proposals and denying deductions for payments to low-tax jurisdictions
 - Existing rules disallowing related party deductions (the “BEAT”) to be replaced with more “effective” rules

Corporate Tax Increases

- Existing rules taxing income from export goods and services at lower rates (“FDII”) to be repealed
 - Replaced with targeted incentives for R&D
- Additional restrictions on “tax inversions” where US corporations combine with foreign companies under a foreign holding company, but continue to have US management and operations
- Deductions associated with “offshoring” jobs to be disallowed, while creating new tax credits for “onshoring” jobs
- 15% minimum tax on book income reported on financial statements
 - Intended to apply to “very largest corporations”

Other Corporate Tax Provisions

- More anti-inversion proposals
 - Although current law already takes away many of the tax advantages of inversions
- Eliminate fossil fuel preferences
- Allocate resources to IRS to increase enforcement of tax laws against corporations
 - Part of broader enforcement initiative to be announced