



# WAYS AND MEANS

REPUBLICANS | KEVIN BRADY, REPUBLICAN LEADER

## **Ways & Means Republicans Release Analysis on Biden’s New Tax Plan: Job-Killing Tax Hikes that Punish Workers**

Former Vice President Joe Biden unveiled a tax plan that turned out to be nothing particularly new (in fact, an [earlier version had already been panned](#) as dangerous and irresponsible). Here are some quick takeaways:

This tax plan:

1. Goes after all Americans and small businesses just after getting through the worst economic impacts of the coronavirus—and risks killing the jobs we’ve fought to keep alive. This contradicts Biden’s own earlier statements on not raising taxes on small businesses.
2. Risks forcing jobs to head back overseas by reversing common-sense reforms that kept jobs in the U.S.
3. Needlessly complicates the tax code by capping deductions and likely forcing more Americans to itemize and keep detailed tax records.

The analysis appears below.

## **ANALYSIS: BIDEN TAX PLAN INCREASES TAXES FOR ALL, SHRINKS OUR ECONOMY**

### **All Americans and small businesses would be hit hard by Biden tax plan**

On March 2, Biden said “We are not going to raise taxes on anybody in terms of working class folks” – but this isn’t true.

- His plan would “increase taxes, on average, for households and every income level. ([American Enterprise Institute](#))
- It would reduce wages by close to 1 percent for average workers and over 585,000 jobs would be slashed. GDP would shrink by over 1.5 percent. ([Tax Foundation](#))
- All taxpayers, including those at the bottom end of the income scale, would see an increase in taxes owed, beginning in 2021. ([Tax Policy Center](#))

### **Biden Tax Plan Resurrects Irresponsible Policies that had Jobs Fleeing U.S.**

As Vice President, Mr. Biden oversaw a flood of companies leaving the U.S. because of uncompetitive high tax rates and uncompetitive world-wide taxation, and U.S. pharmaceutical companies among others suffered foreign takeovers. Mr. Biden's international proposals read like a time-capsule from the last year of the Obama Administration and fails to acknowledge that TCJA stopped inversions after years of ineffective efforts by the former Vice President and his Administration.

### **Biden Seeks to Eliminate America's Competitive Edge by Hiking Taxes**

American companies stopped moving abroad once we lowered the corporate tax rate. Foreign nations lowered their tax rates to keep up. But now Biden proposes raising the corporate tax rate from 21 percent to 28 percent, and raise the tax rates for small business owners from 37 percent to 39.6 percent. Considering that half of America works in these small businesses that pay individual taxes, raising the top individual tax rate puts these small business jobs at risk.

This is a terrible time to raise tax rates far above those of our international competitors or impose an unprecedented "claw back" tax. This is a time when we need to strengthen our competitive position. These policies will most likely result in slower growth, lower productivity, and lower wages.

### **Biden Wants You To Spend More Time Doing Taxes**

Republican tax reform simplified record keeping and tax return prep for millions of individuals and families as a result of increasing the size of the standard tax deduction. Biden purportedly would like to cap these deductions and return to an excessively complicated tax code.

### **Experts See the Biden Plan as a Disaster for Retirement Plans and the Economy**

"It [the Biden plan] means that stocks — all things being equal — would be lower by 25% than they are today. It may not work that way. That is at least the theory." - SMH Group CEO George Ball on [Yahoo Finance's The First Trade](#).

"Certainly Biden's tax plan is a headwind for the market ... I estimate that if the corporate tax rate goes up, it could bring down S&P 500 earnings by about 10%. The market is overbought for a lot of reasons. Politics is one headwind. Clearly what is happening with Covid is a headwind. So I think the tax issue with Biden is just one." -- Momentum Advisors chief investment officer Allan Boomer on [The First Trade](#).

"At the end of the Biden speech, he had convinced me that BBB did not stand for "Build Back Better"; it stands for Biden's Boring Blueprint. It is essentially a warmed-over version of the Obama Administration's economic policies – government-centric, big-spending, regulatory, and top-down..." – Douglas Holtz-Eakin, American Action Forum

"Mr. Biden's plan to reverse the new 20 percent pass-through deduction for small businesses would "diminish the job-creating and sustaining capacity of millions of small businesses that file

under the individual income tax system.” -- [Patrick Gleason](#), Vice President of State Affairs at Americans for Tax Reform

### **Despite This “Roll-Out,” Details Are Still Fuzzy:**

“The campaign declined to provide a more detailed accounting of how it would pay for the \$700 billion in spending it proposed Thursday.... A senior Biden campaign official said more specific details would be released once the full plan is out, speaking on the condition of anonymity because the campaign did not authorize the person to speak on the record.” – [The Washington Post](#), July 9, 2020

“[Biden] didn’t announce any new revenue raisers to cover his new spending plans, and his campaign didn’t provide further specifics when reached.” – [Wall Street Journal](#), July 9, 2020

### **Biden Appears to be Contradicting His Earlier Claims, Too**

In the [Las Vegas Democratic Debate](#), Joe Biden said, “No. Taxes on small businesses won't go up.”

Q: Vice President Biden, I want to ask you about something else that is important to people here. I want to ask you about Latinos, owning one out of every four new small businesses in the United States. Many of them have benefited from President Trump's tax cuts, and they may be hesitant about new taxes or regulations. Will taxes on their small businesses go up under your administration?

BIDEN: **No. Taxes on small businesses won't go up. As a matter of fact, we're going to make sure there's more money available for small businesses in the Latino community and the black community to be able to get the capital to start businesses.**