

Joe Biden to propose tax hikes, \$80 billion for audits of the rich



President [Joe Biden](#) will propose a large-scale tax increase and give billions more to the IRS to make sure rich individuals and large corporations are paying all they owe, according to a person familiar with his proposal.

The plan will include a top individual tax rate of 39.6% for those making at least \$400,000 and will end an inheritance tax break on capital gains known as “step-up in basis,” the person said. The proposal will include \$80 billion to boost the Internal Revenue Service’s audit capabilities over the next decade for wealthy individuals and corporations, a change that could generate \$700 billion in revenue, according to the person.

The measures will be key elements to offset the cost of Biden's "American Families Plan" that he's set to unveil in a speech to Congress on Wednesday. The plan, estimated to cost about \$1.8 trillion, is expected to include funding for paid leave, childcare and education, funded through tax increases on the rich.

Higher income tax rates for top earners, along with a 39.6% capital gains rate for those earning \$1 million or more, mean that many wealthy taxpayers will see a significant increase in the levies they owe annually and when they sell major investments, such as stocks or businesses.

Repealing the step-up in basis provision would end a long-standing tax break that wipes away the capital gains on an asset when it is inherited, meaning that much of the appreciation on securities, properties and small businesses goes untaxed when the original owner dies.

Spending billions more on audit is intended to reverse a multi-year trend of falling audit rates at the IRS. Commissioner Chuck Rettig told a congressional panel this month that as much as \$1 trillion in taxes may go uncollected each year. He said the agency has lost 17,000 enforcement personnel since 2010. Democrats in Congress have been proposing ways to increase audit levels by adding to the agency's enforcement workforce and mandating higher examination rates of top earners.

A pot of \$80 billion over a decade specifically for IRS enforcement, which averages to \$8 billion in additional funding per year, would be a significant increase to the IRS, which has an annual budget for the entire agency of about \$11.9 billion for fiscal year 2021.

[Jio Biden](#)

