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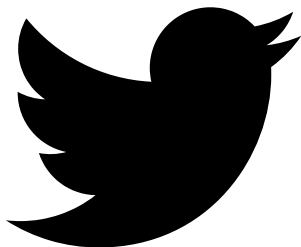
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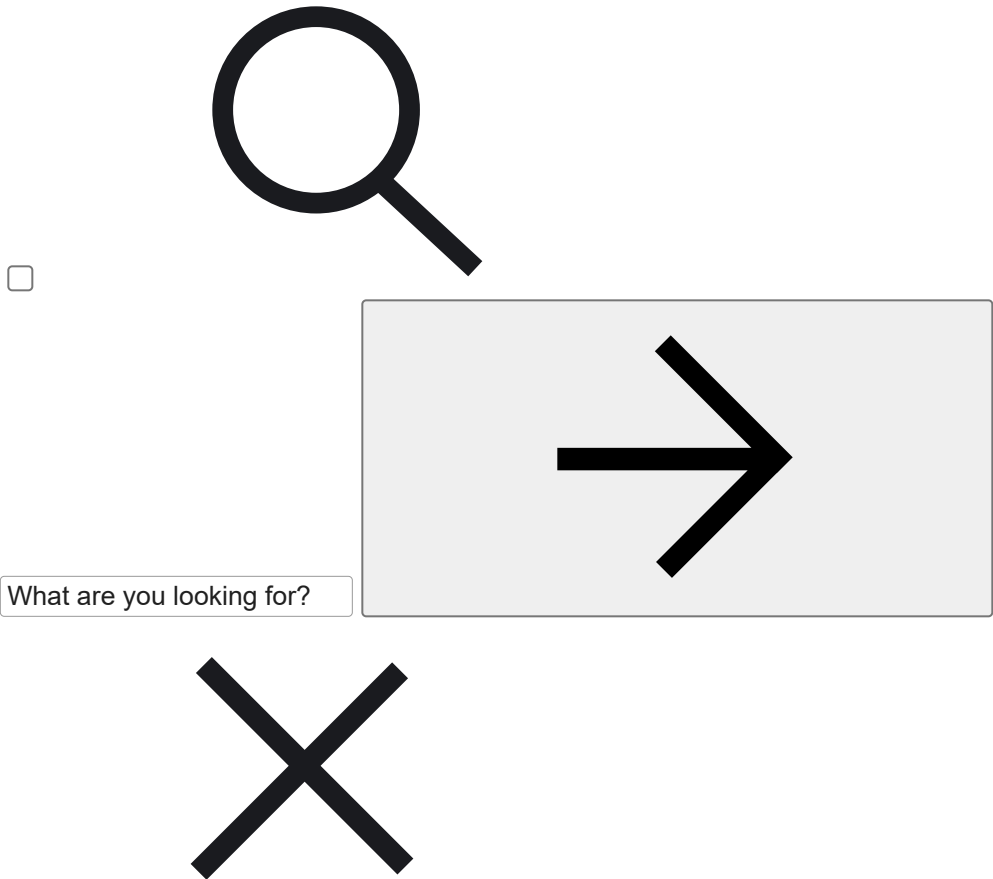
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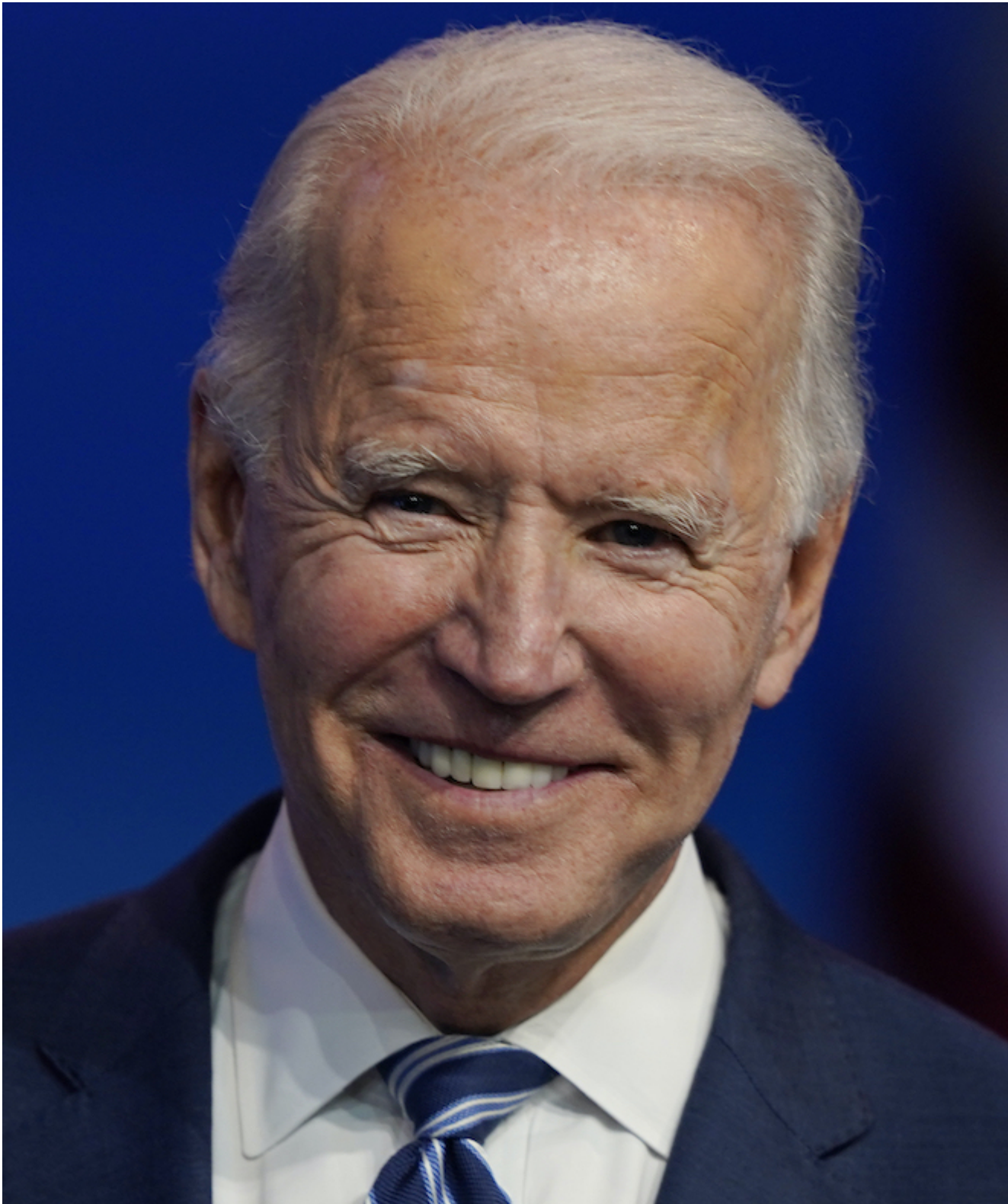
Raise corporate tax rate to 28%

— . . .



[All of the Biden Promise Tracker](#)

Biden Promise Tracker



In the Works

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The central one is a 15% minimum tax for large corporations. Notably, it is based on a company's "book income" rather than the income reported to the IRS. The law also has some more targeted provisions that impact how multinational companies' taxes are calculated.

"Book income" is what a company reports to investors and is governed by rules known as generally accepted accounting principles. By contrast, filings to the IRS are based on the U.S. tax code.

Because these two sets of rules are structured differently, a company's book income is often different from what it reports as taxable income. Under the new proposal, if the tax calculated on the book income ended up higher than the tax calculated under the tax code, the company would be obligated to pay the higher amount.

Having two different sets of rules "helps explain why some large profitable companies pay very little in federal corporate income taxes," the Urban Institute-Brookings Institution Tax Policy Center [has written](#).

The minimum tax calculation would be required only for corporations with a three-year average book income above \$1 billion. In 2019, the Tax Policy Center calculated, about 455 U.S. corporations reported pretax income above \$1 billion.

However, some of these firms may not need to pay the minimum tax if they were already paying more under the regular income tax system.

Tax Policy Center [analyses](#) suggest that the different approaches to taxing corporations could help some sectors and hurt others. For instance, the tax code favors research and capital investments, so using a book rate tax could remove some deductions and credits from the calculation, hurting capital-intensive sectors such as utilities, transportation and manufacturing.

By contrast, companies that invest less in equipment and research would not be hit as hard.

The Senate Finance Committee "has suggested some tweaks around the edges" to what was passed in the House, "but nothing major," said John Buhl, senior communications manager for the Tax Policy Center.

Senate passage of the Build Back Better bill is far from certain, and the mechanism is different from the one Biden proposed on the campaign trail. But the bill remains in play, and the end result — higher taxes on some of the most profitable companies — would be roughly the same.

We rate the promise In the Works.



Urban Institute-Brookings Institution Tax Policy Center, "[Book Minimum Tax May Discourage Investment More Than a Rate Hike](#)," Nov. 18, 2021

Urban Institute-Brookings Institution Tax Policy Center, "[What Is Biden's Minimum Book Income Tax on Corporations?](#)," Nov. 2, 2021

PriceWaterhouse Coopers, "[Senate Democrats release initial Build Back Better reconciliation tax proposals](#)," December 2021

Email interview with John Buhl, senior communications manager for the Urban Institute-Brookings Institution Tax Policy Center, Dec. 16, 2021

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By [Louis Jacobson](#) April 19, 2021

Joe Biden has proposed corporate tax hike to 28%

To pay for his proposal for infrastructure spending, President Joe Biden [wants to raise](#) the federal tax rate on corporations from 21% to 28%, which is in line with a promise he made on the campaign trail.

Prior to 2017, when President Donald Trump signed a tax overhaul measure, the corporate tax rate was 35%. Trump's law lowered the rate to 21%, so Biden's proposal would move it half way back to where it was.

Republicans have argued that raising the tax to 28% would hurt companies' competitiveness and put a damper on job creation. Some congressional Republicans [have floated](#) an alternative — paying for a smaller infrastructure package through user fees, such as a hike in the gasoline tax. ✕

Biden has [expressed openness](#) to signing a bill with a rate lower than 28% if a mutually agreeable measure can be negotiated.

For these reasons, enactment of a 28% corporate tax rate faces significant legislative obstacles. However, the increase has become a key element of Biden's infrastructure proposal, which in turn is a major legislative priority for the White House.

We rate this promise In the Works.

Our Sources

PriceWaterhouse Coopers, "[White House lists corporate tax offsets for Biden infrastructure plan](#)," March 2021

Wall Street Journal, "[Top Republican Says Senate GOP Could Be Open to Smaller Infrastructure Bill](#)," April 18, 2021

CNBC, "[Biden says higher corporate tax won't hurt economy; Manchin opposes 28% rate](#)," April 5, 2021

CNBC, "[Biden open to negotiating on corporate tax hike, but says U.S. must take bold action on infrastructure](#)," April 7, 2021

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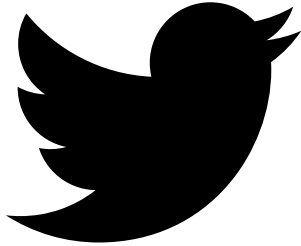
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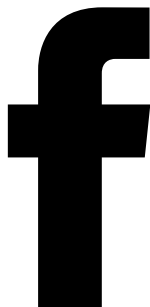
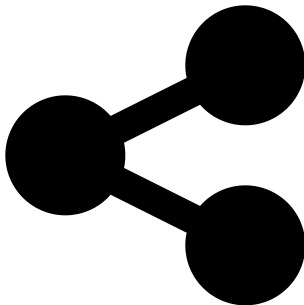
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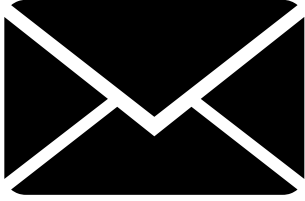
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