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Page Title: President Biden's 2025 Budget Proposal and Tax Impacts | [INSERT RELATED SERVICE] | [INSERT FIRM NAME]

Meta Description: [NAME OF FIRM] discusses President Biden's 2025 budget proposal and the accompanying United States Treasury's "Green Book," which advocates for tax hikes affecting businesses and high-earning individuals.

Headline: President Biden's 2025 Budget Proposal and Tax Impacts

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This month, [President Biden's 2025 budget proposal](#) was officially released. This proposal, along with the United States Treasury's "Green Book," call for tax increases for both businesses and high-income individuals.

For business owners and those making more than \$400,000 per year, it's important to be aware of these proposed changes and the potential tax impact they might have.

For Businesses

So, what exactly are the provisions in the Biden administration's proposal as they relate to business taxes? Most notably, the proposal would increase the statutory rate from the current 21% up to 28% while increasing the corporate alternative minimum tax rate to 21% from 15%.

The budget proposal, if passed, would also extend a deduction disallowance for annual compensation paid in excess of \$1 million; the disallowance would also extend to cover all C corporations—not just those that are publicly held.

In addition to these corporate tax changes, the proposed budget would also expand the net investment income tax to apply to pass-through business income of all high-income taxpayers. While this is not an exhaustive list of all the proposed changes that would occur in the realm of business taxes if this budget passes, it does cover some of the most notable ones.

For Individuals

As much as these changes would affect businesses, they would potentially impact individual taxpayers even more. This is especially true for high-income individuals, as the proposal would impose a minimum tax rate of 25% on total income for all individuals with wealth of \$100 million or more. There would also be an increase in the top marginal income tax rate from 37% to 39.6% while lowering the top bracket for married taxpayers and single taxpayers.

Likewise, there would be a change in how long-term capital gains and qualified dividends are taxed. Under the new proposal, these would be taxed at ordinary income rates instead of long-term capital gains rates for taxpayers with income of more than \$1 million.

As part of this new budget proposal, there would also be an increase in the Medicare tax rate. While the current rate is 0.9%, the new rate would be 2.1%. For individuals, the net investment income tax would also increase from 3.8% to 5% for individuals with more than \$400,000 in annual income.

What About Tax Benefits?

Although the budget proposal would result in many increased taxes for businesses and high-income individuals, it is also worth noting that there are some potential tax benefit proposals for individuals included in the proposal itself.

For example, under the proposed changes, the Child Tax Credit would be expanded from its current \$2,000 to \$3,000 (or \$3,600 for children under the age of six) for taxpayers under a certain income bracket.

Meanwhile, the proposed changes would also set up a first-time homebuyer credit and home seller credit equal to 10% of the total purchase price of a home. This could result in a maximum of \$10,000 in credits for taxpayers with income under specific thresholds.

Finally, the changes would solidify premium tax assistance levels for individuals who buy health insurance through the marketplace.

Will These Proposals Be Enacted?

Only time will tell whether the Biden administration's budget and the Treasury's Green Book will be enacted, as this will ultimately be up to Congress. Currently, Republicans control the House of Representatives while the Democrats have a simple majority in the Senate. With this in mind, combined with the Senate struggling to pass anything bipartisan, it is fairly unlikely that the legislation will be enacted.

At the same time, it is likely that the themes in this budget will become part of Biden's 2024 presidential campaign—so we have not seen the last of these ideas just yet.

The Bottom Line

Business owners and individual taxpayers alike are encouraged to stay on top of the latest news regarding the Biden administration's new budget proposal and the various aspects of it, as they could have a huge impact on taxes and finances for those affected. With this in mind, now may be a good time for business owners and high-net-worth individuals to consult with their financial advisors to plan ahead and create a game plan should these changes occur. From there, it is possible to protect one's finances and move forward with confidence.

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