



OVERVIEW OF \$973 BILLION IN TAX INCREASES AND \$110 BILLION IN OTHER REVENUE RAISERS CONTAINED IN PRESIDENT OBAMA'S FY 2014 BUDGET

TAX INCREASES AND OTHER REVENUE RAISERS IN THE BUDGET	REVENUE RAISED 2014-2023 (\$ millions)¹
I. TAX REVENUE PROVISIONS	
<ul style="list-style-type: none"> ➤ Individual Revenue Provisions <ul style="list-style-type: none"> ▪ Reduce the value of certain tax expenditures (e.g., charitable contributions, mortgage interest, and state and local taxes) by limiting to 28% the rate against which those tax expenditures reduce tax liability ▪ Implement a “Buffett Rule” tax imposing a minimum 30% rate on high-income earners 	529,261
Subtotal, Individual Revenue Provisions	582,648
➤ Tax relief to create jobs and jumpstart growth	-32,450
➤ Incentives for investment in infrastructure	72,491
➤ Tax cuts for families and individuals	-83,352
<ul style="list-style-type: none"> ➤ Modify Estate and Gift Tax Provisions <ul style="list-style-type: none"> ▪ Modify rules regarding valuation for transfer and income tax purposes ▪ Require a minimum term for grantor retained annuity trusts (GRATs) ▪ Reviving estate tax to 2009 levels in 2014 ▪ Coordinate certain income and transfer tax rules applicable to grantor trusts ▪ Extend the lien on estate tax deferrals provided under section 6166 ▪ Clarify GST tax treatment of Health Education Exclusion Trust 	1,896
Subtotal, Modify Estate and Gift Tax Provisions	78,559
<ul style="list-style-type: none"> ➤ Reform Treatment of Financial Institutions and Products <ul style="list-style-type: none"> ▪ Impose a new tax on certain financial firms with at least \$50 billion of assets. ▪ Require current inclusion in income of accrued market discount and limit the accrual amount for distressed debt ▪ Average cost basis of covered securities 	59,349
Subtotal, Reform Treatment of Financial Institutions and Products	62,644

¹ Unless otherwise noted, all figures represent Administration estimates. For official Congressional scorekeeping purposes, these provisions will be re-estimated by the Joint Committee on Taxation, which could result in variations in particular scores.

➤ Other revenue changes and loophole closers	
▪ Oil Spill Liability Trust Fund Increase	1,058
▪ Reinstate Superfund excise taxes used to clean up toxic hazards at contaminated sites; these taxes were permitted to expire in 1995 pending structural reform of the Superfund program that has not yet occurred	20,205
▪ Increase tobacco taxes and index for inflation	78,091
▪ Make expired unemployment insurance surtax (i.e., the “FUTA surtax”) permanent	15,155
▪ “Strengthen unemployment insurance system solvency”	51,479
▪ Re-characterize “carried interest” (i.e., the share of profits from certain investment funds that is provided to the investment manager) as ordinary income rather than capital gain	15,909
▪ Eliminate the deduction for contributions of conservation easements on golf courses	619
▪ Restrict deductions and harmonize the rules for contributions of conservation easements for historic preservation	234
▪ Require non-spouse beneficiaries of IRA owners and retirement plan participants to take inherited distributions over no more than five years	4,911
▪ Limit the total accrual of tax-favored retirement benefits	9,342
Subtotal, Other revenue changes and loophole closers	197,003
➤ Simplify the tax system	-4,163
➤ Chained CPI	100,000
SUBTOTAL, TAX REVENUE PROVISIONS	973,380

II. REVENUE NEUTRAL BUSINESS TAX REFORM

➤ Incentives for manufacturing, research, clean energy, and insourcing and creating jobs	-141,920
➤ Tax relief for small business	-87,930
➤ Incentives to promote regional growth	-10,870
➤ International Activity of Worldwide American Businesses	
▪ Defer deduction of interest expense related to deferred income	36,520
▪ Determine the foreign tax credit on a pooling basis	65,752
▪ Tax currently excess returns associated with transfers of intangibles offshore (modification to “transfer pricing” rules)	24,005
▪ Limit shifting of income through intangible property transfers (modification to “transfer pricing” rules)	2,108
▪ Disallow the deduction for excess non-taxed reinsurance premiums paid to affiliates	6,209
▪ Limit earnings stripping by expatriated entities	4,658
▪ Modify tax rules for dual capacity taxpayers	10,964
▪ Tax gain from the sale of a partnership interest on a look-through basis	2,656
▪ Prevent use of leveraged distributions from related foreign corporations to avoid dividend treatment	3,243
▪ Extend section 338(h)(16) to certain asset acquisitions	960
▪ Remove foreign taxes from a section 902 corporation’s foreign tax	

pool when earnings are eliminated	389
Subtotal, International Activity of Worldwide American Businesses	157,464
➤ American Energy Producers	
▪ Repeal the Section 199 domestic manufacturing deduction for oil and natural gas companies, building on restrictions on the value of this benefit placed on oil and gas companies during the 110 th Congress	17,447
▪ Repeal percentage depletion for oil and natural gas	10,723
▪ Repeal expensing of intangible drilling costs	10,993
▪ Increase geological and geophysical amortization period for independent producers to seven years	1,363
▪ Repeal deduction for tertiary injectants	107
▪ Repeal passive loss exception for working interests in oil and natural gas properties	74
▪ Repeal coal preferences	3,255
Subtotal, American Energy Producers	43,962
➤ Insurance and Financial Industry Institutions and Products	
▪ Modify rules that apply to sales of life insurance contracts	641
▪ Modify dividends-received deduction for life insurance company separate accounts	5,101
▪ Extend pro rata interest expense disallowance for corporate-owned life insurance	5,919
▪ Mark-to-market for derivatives	18,889
➤ Subtotal, Insurance and Financial Industry Institutions and Products	30,550
➤ Other Revenue-Raising Provisions	
▪ Repeal the excise tax credit for distilled spirits with flavor and wine additives	1,093
▪ Repeal the Last-In-First-Out (LIFO) inventory accounting method	80,822
▪ Repeal lower-of-cost-or-market inventory accounting method	7,172
▪ Eliminate special depreciation rules for purchases of general aviation passenger aircraft	2,702
▪ Repeal gain limitation for dividends received in reorganization exchanges	2,702
▪ Expand the definition of built-in loss for purposes of partnership loss transfers	73
▪ Extend partnership basis limitation rules to nondeductible expenditures	948
▪ Limit the importation of losses under section 267(d)	879
▪ Deny deduction for punitive damages	372
▪ Eliminate section 404(k) ESOP dividend deduction for large C corporations	6,577
Subtotal, Other Revenue-Raising Provisions	103,340
➤ Unspecified business tax reforms	-94,596
SUBTOTAL, REVENUE NEUTRAL BUSINESS TAX REFORM	0
TOTAL OF PARTS I & II (TAX REVENUE PROVISIONS AND REVENUE NEUTRAL BUSINESS TAX REFORM)	973,380

III. OTHER REVENUE-RAISING PROVISIONS

<ul style="list-style-type: none"> ➤ Reduce the Tax Gap and Make Reforms <ul style="list-style-type: none"> ▪ Require information reporting for private separate accounts of life insurance companies 7 ▪ Require a certified Taxpayer Identification Number for contractors 1,264 ▪ Modify reporting of tuition expenses and scholarships in Form 1098-T 774 ▪ Implement standards clarifying when employee leasing companies can be held liable for their clients' Federal employment taxes 69 ▪ Modify rules pertaining to the classification of employees as independent contractors 9,097 ▪ Impose liability on shareholders participating in "Intermediary Transaction Tax Shelters" to collect unpaid corporate income taxes 4,947 ▪ Levy payments to Medicare providers with delinquent tax debt 707 ▪ Implement IRS program integrity allocation adjustments 46,502 ▪ Impose a penalty on failure to comply with electronic filing requirements 10 ▪ Streamline audit and adjustment procedures for large partnerships 1,873 ▪ Revise offer-in-compromise application rules 10 ▪ Make repeated willful failure to file a tax return a felony 10 ▪ Facilitate tax compliance with local jurisdictions 15 ▪ Extend statute of limitations where State adjustment affects Federal tax liability 29 ▪ Improve investigative disclosure statute 10 ▪ Allow the IRS to absorb credit and debit card processing fees for certain tax payments 19 ▪ Extend IRS math error authority in certain circumstances 106 ▪ Index all penalties for inflation 10,759 ▪ Prevent improper use of the Death Master File 895 ➤ Subtotal, Reduce the Tax Gap and Make Reforms 77,103 	
<ul style="list-style-type: none"> ➤ Other Revenues <ul style="list-style-type: none"> ▪ Preserve cost-sharing of inland waterways capital costs 1,100 ▪ Reauthorize special assessment from domestic nuclear facilities 2,209 ▪ Establish an AML hardrock reclamation fund 1,800 ▪ Increase duck stamp fees 140 ▪ Establish a mandatory surcharge for air traffic services 7,255 ▪ Increase employee contributions to CSRS and FERS 20,008 ▪ Increase coal AML fee to pre-2006 levels 427 Subtotal, Other Revenues 32,939 	
SUBTOTAL, OTHER REVENUE-RAISING PROVISIONS	110,042
TOTAL TAX INCREASES AND OTHER REVENUE INCREASES	\$1.083 TRILLION