

**ESTIMATED BUDGET EFFECTS OF THE REVENUE PROVISIONS CONTAINED IN
THE PRESIDENT'S FISCAL YEAR 2023 BUDGET PROPOSALS [1]**

Fiscal Years 2023 - 2032

[Millions of Dollars]

Provision	Effective	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2023-27	2023-32
I. Reform Business and International Taxation													
A. Raise the Corporate Income Tax Rate From 21 Percent to 28 Percent	tyba 12/31/22	47,579	63,914	70,593	81,789	91,864	97,544	101,157	103,497	105,932	109,522	355,739	873,391
B. Adopt the Undertaxed Profit Rules.....	tyba 12/31/23	---	23,187	45,558	42,313	39,882	37,981	35,803	33,764	31,572	28,625	150,940	318,687
C. Provide Tax Incentives for Locating Jobs and Business Activity in the United States and Remove Tax Deductions for Shipping Jobs Overseas.....	epoia DOE	-39	-82	-88	-95	-102	-108	-116	-124	-132	-141	-405	-1,026
D. Prevent Basis Shifting by Related Parties through Partnerships.....	tyba 12/31/22	310	1,600	1,905	2,338	2,691	2,985	3,590	4,038	4,105	3,865	8,845	27,428
E. Conform Definition of "Control" with Corporate Affiliation Test.....	toa 12/31/22	229	317	319	333	342	349	359	369	380	392	1,540	3,388
F. Expand Access to Retroactive Qualified Electing Fund Elections.....	DOE	[2]	1	1	1	2	3	4	5	5	7	5	28
G. Expand the Definition of Foreign Business Entity to Include Taxable Units.....	tyba 12/31/22	----- No Revenue Effect -----											
Total of Reform Corporate Taxation.....		48,079	88,937	118,288	126,679	134,679	138,754	140,797	141,549	141,862	142,270	516,664	1,221,896
II. Support Housing and Infrastructure													
A. Make Permanent the New Markets Tax Credit.....	DOE	---	---	---	-9	-52	-181	-381	-612	-872	-1,157	-61	-3,264
B. Allow Selective Basis Boosts for Bond-Financed Low-Income Housing Credit Projects.....	[3]	-52	-157	-315	-503	-669	-854	-1,030	-1,205	-1,453	-1,611	-1,697	-7,850
Total of Support Housing and Infrastructure.....		-52	-157	-315	-512	-721	-1,035	-1,411	-1,817	-2,325	-2,768	-1,758	-11,114
III. Modify Fossil Fuel Taxation													
A. Eliminate Fossil Fuel Tax Preferences		----- No Revenue Effect -----											
1. Repeal enhanced oil recovery credit.....	tyba 12/31/22	----- No Revenue Effect -----											
2. Repeal credit for oil and gas produced from marginal wells.....	tyba 12/31/22	---	---	150	418	582	594	503	423	385	369	1,150	3,424
3. Repeal expensing of intangible drilling costs.....	tyba 12/31/22	1,102	1,452	1,156	916	696	484	271	137	121	131	5,322	6,466
4. Repeal deduction for costs paid for any tertiary injectant used as part of tertiary recovery method.....	tyba 12/31/22	4	4	4	4	4	4	4	4	4	4	20	40
5. Repeal exemption to passive loss limitations provided to working interests in oil and natural gas properties.....	tyba 12/31/22	16	30	28	29	29	31	32	34	35	36	132	300

Provision	Effective	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2023-27	2023-32
6. Repeal percentage depletion for oil and natural gas wells.....	tyba 12/31/22	487	695	675	692	713	751	788	820	843	856	3,262	7,320
7. Repeal two-year amortization of independent producers' geological and geophysical expenditures.....	tyba 12/31/22	225	392	383	341	310	280	249	230	229	233	1,650	2,871
8. Repeal expensing of exploration and development costs.....	tyba 12/31/22	71	99	84	70	55	37	12	3	4	5	380	441
9. Repeal percentage depletion for hard mineral fossil fuels....	tyba 12/31/22	54	80	73	72	72	73	74	75	76	77	352	728
10. Repeal capital gains treatment for royalties.....	tyba 12/31/27	43	29	81	78	75	82	81	84	86	88	306	727
11. Repeal the exemption from the corporate income tax for fossil fuel publicly traded partnerships.....	tyba 12/31/27	48	99	93	70	57	59	64	68	72	77	367	707
12. Repeal the Oil Spill Liability Trust Fund excise tax exemption for crude oil derived from bitumen and kerogen-rich rock.....	tyba 12/31/22	56	89	93	96	99	102	105	109	111	111	433	971
13. Repeal amortization of air pollution control facilities.....	tyba 12/31/22	[2]	1	2	3	4	4	4	4	3	2	8	26
B. Modify Oil Spill Liability Trust Fund Financing and Superfund Excise Taxes.....	after 12/31/22	64	101	105	109	112	116	120	123	125	126	491	1,102
Total of Modify Fossil Fuel Taxation		2,170	3,071	2,927	2,898	2,808	2,617	2,307	2,114	2,094	2,115	13,873	25,123
IV. Strengthen Taxation of High-Income Taxpayer													
A. Increase the Top Marginal Income Tax Rate for High Earners.....	tyba 12/31/22	28,138	40,901	42,233	17,044	6,284	6,537	6,755	7,003	7,311	7,651	134,601	169,857
B. Reform the Taxation of Capital Income													
1. Tax capital income for high-income earners at ordinary rates.....	[4]	13,658	21,143	22,045	21,110	15,355	15,950	17,888	19,526	25,149	23,375	93,311	195,199
2. Treat transfers appreciated by gift or on death as realization gains.....	[4]	----- Estimate Included in Item IV.B.1. Above -----											
C. Impose a Minimum Income Tax on the Wealthiest Taxpayers.....	tyba 12/31/22	----- Proposal Requires Further Specification -----											
Total of Strengthen Taxation of High-Income Taxpayer		41,796	62,044	64,278	38,154	21,639	22,487	24,643	26,529	32,460	31,026	227,912	365,056
V. Support Families and Students													
A. Make Adoption Tax Credit Refundable and Allow Certain Guardianship Arrangements to Qualify [5].....	tyba 12/31/22	-648	-1,372	-821	-666	-668	-681	-694	-708	-722	-737	-4,174	-7,716
B. Provide Income Exclusion for Student Debt Relief.....	DOE	---	---	---	-4	-41	-44	-48	-56	-68	-147	-45	-408
Total of Support Families and Students		-648	-1,372	-821	-670	-709	-725	-742	-764	-790	-884	-4,219	-8,124
VI. Modify Estate and Gift Taxation													
A. Modify Income, Estate and Gift Tax Rules for Certain Grantor Trusts.....	generally DOE	637	1,999	2,039	2,217	2,476	2,873	3,409	4,109	5,004	6,129	9,368	30,891
B. Require Consistent Valuation of Promissory Notes.....	vaoavdooa DOI	168	330	313	276	290	172	156	147	139	129	1,376	2,119
C. Improve Tax Administration of Trusts and Decedents' Estates													
1. Expand definition of executor.....	DOE	----- Negligible Revenue Effect -----											

Provision	Effective	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2023-27	2023-32
2. Increase the limit on the reduction in value of special use property.....	ddooa DOE	-3	-6	-7	-7	-39	-44	-44	-46	-50	-53	-62	-299
3. Extend 10-year period for certain estate and gift tax liens.....	ddooa DOE	2	3	4	5	6	6	6	5	5	5	20	47
4. Require reporting of estimated total value of trust assets.....	tyba DOE	----- No Revenue Effect-----											
D. Limit Duration of Generation-Skipping Transfer Tax Exemption.....	DOE	----- Negligible Revenue Effect-----											
Total of Modify Estate and Gift Taxation.....		804	2,326	2,349	2,491	2,733	3,007	3,527	4,215	5,098	6,210	10,702	32,758
VII. Close Loopholes													
A. Tax Carried (Profits) Interests as Ordinary Income.....	tyba 12/31/22	189	177	167	161	160	161	165	168	174	180	854	1,702
B. Repeal Deferral of Gain From Like-Kind Exchanges.....	tyba 12/31/22	206	403	603	921	1,376	2,083	3,292	5,533	7,516	8,943	3,509	30,876
C. Require 100 Percent Recapture of Depreciation of Deductions as Ordinary Income for Certain Depreciable Property.....	[6]	79	185	278	366	457	552	654	770	898	1,036	1,365	5,274
D. Limit a Partner's Deduction in Certain Syndicated Conservation Easement Transactions	[7]	3,669	5,668	3,169	935	576	588	601	613	626	639	14,017	17,084
E. Limit Use of Donor Advised Funds to Avoid Private Foundation Payment Requirement.....	DOE	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
F. Extend the Period for Assessment of Tax for Certain Qualified Opportunity Fund Investors.....	DOE	9	10	10	-12	6	14	14	14	3	---	23	69
G. Establish an Untaxed Income Account Regime for Certain Small Insurance Companies	[8]	719	1,570	1,373	1,168	972	781	668	578	536	446	5,801	8,811
H. Expand Pro Rata Interest Expense Disallowance for Business-Owned Life Insurance.....	cia 12/31/21	75	130	217	328	463	616	786	967	1,157	1,357	1,214	6,097
I. Correct Drafting Errors in the Taxation of Insurance Companies Under the Tax Cuts and Jobs Act of 2017.....	tyba 12/31/22	----- No Revenue Effect-----											
J. Define the Term "Ultimate Purchaser" for Purposes of Diesel Fuel Exportation.....	dfakea 12/31/22	6	9	11	12	14	16	18	20	22	25	51	152
Total of Close Loopholes.....		4,952	8,151	5,828	3,879	4,024	4,811	6,197	8,663	10,932	12,626	26,834	70,065
VIII. Improve Tax Administration and Compliance													
A. Enhance Accuracy of Tax Information													
1. Expand the Secretary's authority to require electronic filing for forms and returns.....	DOE	----- Negligible Revenue Effect-----											
2. Improve information reporting for reportable payments subject to backup withholding.....	pma 12/31/22	20	49	80	107	117	122	127	132	137	143	373	1,035
B. Address Taxpayer Noncompliance with Listed Transactions													
1. Extend statute of limitations for listed transactions.....	DOE	19	39	60	81	83	86	88	91	94	96	282	737
2. Impose liability on shareholders to collect unpaid income taxes on applicable corporations.....	[9]	171	178	185	193	201	210	219	228	237	247	929	2,069

Provision	Effective	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2023-27	2023-32
C. Amend the Centralized Partnership Audit Regime to Permit the Carryover of a Reduction in Tax that Exceeds a Partner's Tax Liability.....	DOE	-10	-11	-11	-11	-12	-12	-12	-13	-13	-13	-55	-118
D. Incorporate Chapters 2/2A in Centralized Partnership Audit Regime Proceedings.....	DOE	----- Negligible Revenue Effect-----											
E. Authorize Limited Sharing of Business Tax Return Information to Measure The Economy More Accurately.....	DOE	----- No Revenue Effect-----											
F. Impose an Affirmative Requirement to Disclose a Position Contrary to a Regulation.....	rfa DOE	8	16	19	22	23	23	24	25	25	26	86	210
G. Require Employers to Withhold Tax on Failed Nonqualified Deferred Compensation Plans.....	12/31/22	91	188	193	197	203	208	214	220	226	232	872	1,972
H. Extend to Six Years the Statute of Limitations for Certain Tax Assessments.....	rrtbfa DOE	----- Negligible Revenue Effect-----											
I. Expand and Increase Penalties for Noncompliant Return Preparation and E-filing and Authorize IRS Oversight of Paid Preparers													
1. Expand and increase penalties for return preparation and e-filing [5].....	rfa DOE	10	13	16	17	18	18	19	19	20	20	74	170
2. Grant authority to IRS for oversight of all paid preparers [5].....	DOE	7	14	15	17	19	19	20	21	23	24	72	179
J. Address Compliance in Connection with Tax Responsibilities of Expatriates.....	tyba 12/31/22 fitpoi	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
K. Simplify Foreign Exchange Gain or Loss Rules and Exchange Rate Rules for Individuals.....	tyba 12/31/22	-1	-2	-2	-2	-3	-3	-3	-3	-3	-3	-10	-25
L. Increase Threshold for Simplified Foreign Tax Credit Rules and Reporting.....	rrtbfa DOE	-10	-11	-9	-9	-9	-10	-10	-10	-11	-11	-49	-102
Total of Improve Tax Administration.....		305	473	546	612	640	661	686	710	735	761	2,574	6,127
IX. Modernize Rules, Including Those for Digital Assets													
A. Modernize Rules Treating Loans of the Securities as Tax-Free to Include Other Asset Classes and Address Income Inclusion.....	tyba 12/31/22	----- Negligible Revenue Effect-----											
B. Provide for Information Reporting by Certain Financial Institutions and Digital Asset Brokers for Purposes of Exchange of Information.....	rrtbfa 12/31/23	----- No Revenue Effect-----											
C. Require Reporting by Certain Taxpayers a Foreign Digital Asset Accounts.....	rrtbfa 12/31/22	81	117	153	203	257	280	326	352	362	385	811	2,516
D. Amend the Mark-to-Market Rules for Dealers and Traders to Include Digital Assets.....	tyba 12/31/22	79	198	288	376	531	609	784	889	960	1,036	1,472	5,750
Total of Modernize Rules, Including Those for Digital Assets.....		160	315	441	579	788	889	1,110	1,241	1,322	1,421	2,283	8,266

Provision	Effective	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2023-27	2023-32
X. Improve Benefits Tax Administration													
A. Clarify Tax Treatment of Fixed Indemnity Health Policies.....	tyba 12/31/22	----- Proposal Requires Further Specification-----											
B. Clarify Tax Treatment of On-Demand Pay Arrangements...	cyaqba 12/31/22	----- Negligible Revenue Effect-----											
C. Rationalize Funding for Post-Retirement Medical and Life Insurance Policies.....	tyba 12/31/22	----- Proposal Requires Further Specification-----											
Total of Improve Benefits Tax Administration.....		----- Negligible Revenue Effect-----											
NET TOTAL		97,565	163,789	193,522	174,111	165,881	171,467	177,114	182,440	191,388	192,777	794,865	1,710,054

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. The date of enactment is generally assumed to be October 1, 2022.

Legend for "Effective" column:

cia = contracts issued after

cyaqba = calendar years and quarters beginning after

dfakea = diesel fuel and kerosene exported after

ddooa = decedents dying on or after

DOE = date of enactment

DOI = date of introduction

epoia = expenses paid or incurred after

fa = filed after

fitpoai = foreign income taxes paid or accrued in

pma = payments made after

rfa = returns filed after

rtbfa = returns required to be filed after

toa = transactions occurring after

tyba = taxable years beginning after

vaoavdooa = valuations as of a valuation date on or after

[1] To the extent the proposals are not fully specified, estimates will be updated as new information becomes available and policy intent is clarified.

[2] Gain of less than \$500,000.

[3] Applies to buildings that receive more than de minimis financing from certain private activity bonds with an issue date after the date of enactment.

[4] Effective for gains on property transferred by gift, and on property owned at death by decedents dying, after December 31, 2022, and on certain property owned by trusts, partnerships, and other non-corporate entities on January 1, 2023.

[5] Estimates include the following outlay effects:

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2023-27</u>	<u>2023-32</u>
Expand and increase penalties for return preparation and e-filing.....	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-14	-30
Grant authority to IRS for oversight of all paid preparers.....	-2	-5	-5	-6	-6	-6	-7	-7	-8	-8	-24	-60
Make adoption tax credit refundable and allow certain guardianship arrangements to qualify.....	535	1,243	691	532	532	542	553	564	575	587	3,533	6,354

[6] Effective for depreciation deductions taken on section 1250 property in taxable years beginning after December 31, 2022, and sales, exchanges, involuntary conversions, or other dispositions of section 1250 property completed in taxable years beginning after December 31, 2022.

[7] Effective for contributions made after December 31, 2016. Effective for historic structures for contributions made in taxable years beginning after December 31, 2018.

[8] Effective for distributions, sales, and other transactions that occur in taxable years of a covered insurance company beginning after December 31, 2022.

[9] Effective for sales of controlling interests in the stock of applicable C corporations occurring on or after April 10, 2014.