



In NFIB's latest Federal Update webinar, VP of Federal Government Relations Kevin Kuhlman outlined the latest small business tax hike and mandate proposals from the Biden Administration and the U.S. House of Representatives in its *Build Back Better Act*.

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Small Business Policy	Administration	House
Pass-through Business	<ul style="list-style-type: none"> Increases rates and broadens the tax base Increases the top individual rate from 37% to 39.6% for income above \$452,700 (individual filers) and \$509,300 (joint filers) Does not limit the Small Business Deduction Applies SECA tax to LLCs and S-Corporations and applies 3.8% surtax to active income above \$400,000 (joint filers), further increasing tax base* 	<ul style="list-style-type: none"> Increases rates and broadens the tax base Increases the top individual rate from 37% to 39.6% for income above \$400,000 (individual filers) and \$450,000 (joint filers) Limits the Small Business Deduction maximum to \$400,000 (individual) and \$500,000 (joint)* Applies 3.8% surtax to active income above \$400,000 (individual filers) and \$500,000 (joint filers), further increasing tax base* Applies a 3% surtax on income above \$5M (individual and joint)*
Corporate Businesses	<ul style="list-style-type: none"> Increases corporate rate to flat 28% 	<p>Re-introduces graduated corporate rate and increases top corporate rate</p> <ul style="list-style-type: none"> 18% – up to \$400,000 21% – \$400,001 – \$5,000,000 26.5% – above \$5,000,000

Family businesses	<p>Creates a "double death tax"</p> <ul style="list-style-type: none"> • Eliminates stepped-up basis • Increases capital gains taxes to up to 43.4% • Makes death a realization event (permits carryover) 	<p>Lowers the estate tax exemption threshold to pre-2018 levels and increases capital gains taxes</p> <ul style="list-style-type: none"> • Halves the estate tax exemption from \$11.7M to approximately \$6M • Increases the top capital gains taxes to up to 28.8% • Limits Small Business Deduction for trusts and estates to \$10,000
IRS Enforcement	<ul style="list-style-type: none"> • Increases the IRS enforcement budget and information access • Increases budget by \$80 billion • Allows access to inflows/outflows of business and personal accounts (\$10,000 annual account flows) 	<ul style="list-style-type: none"> • Increases IRS enforcement budget by \$80 billion
Mandates	<ul style="list-style-type: none"> • Requires 12 weeks paid family and medical leave per employee • Requires 7 days paid sick leave • Calls on Congress to pass the <i>Protecting the Right to Organize (PRO) Act</i> 	<ul style="list-style-type: none"> • Requires 12 weeks of paid family and medical leave per employee • Mandates businesses with more than 5 employees automatically enroll employees in retirement plans (Automatic Contribution Plan or Arrangements) • Increases maximum minimum wage and overtime violations from \$1,100 to \$20,740 and maximum tipped credit violations from \$1,100 to \$11,620 • Increases civil monetary penalties for OSHA and NLRA violations

*Income thresholds not indexed for inflation