

REVENUE ESTIMATES OF THE ADMINISTRATION'S FISCAL YEAR 2023 REVENUE PROPOSALS 1/ 2/

(fiscal years, in millions of dollars)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2023-27	2023-32
REFORM BUSINESS AND INTERNATIONAL TAXATION:													
Raise the corporate income tax rate to 28 percent	0	83,500	138,893	136,355	134,942	137,761	139,987	137,573	135,244	134,857	135,448	631,451	1,314,560
Adopt the Undertaxed Profits Rule	0	0	20,427	33,464	29,329	26,655	26,170	25,638	25,109	25,665	27,006	109,875	239,463
Provide tax incentives for locating jobs and business activity in the United States and remove tax deductions for shipping jobs overseas:													
<i>Provide tax credit for inshoring jobs to the United States</i>	0	-8	-13	-14	-14	-15	-16	-16	-17	-18	-18	-64	-149
<i>Remove tax deductions for shipping jobs overseas</i>	0	8	13	14	14	15	16	16	17	18	18	64	149
Subtotal, Provide tax incentives for locating jobs and business activity in the United States and remove tax deductions for shipping jobs overseas	0	0	0	0	0	0	0	0	0	0	0	0	0
Prevent basis shifting by related parties through partnerships	0	3,320	5,676	5,912	6,153	6,401	6,621	6,785	6,887	6,959	7,025	27,462	61,739
Conform definition of "control" with corporate affiliation test	0	761	1,104	1,125	1,143	1,158	1,170	1,179	1,182	1,182	1,176	5,291	11,180
Expand access to retroactive qualified electing fund elections	0	0	1	2	2	3	4	5	6	7	9	8	39
Expand the definition of foreign business entity to include taxable units	0	300	324	290	193	89	96	103	112	120	130	1,196	1,757
Subtotal, Reform Business and International Taxation	0	87,881	166,425	177,148	171,762	172,067	174,048	171,283	168,540	168,790	170,794	775,283	1,628,738
SUPPORT HOUSING AND URBAN DEVELOPMENT:													
Make permanent the New Markets Tax Credit	0	0	0	0	-97	-278	-483	-716	-990	-1,290	-1,602	-375	-5,456
Allow selective basis boosts for bond-financed Low-Income Housing Credit projects	0	-2	-29	-140	-354	-617	-895	-1,148	-1,359	-1,561	-1,769	-1,142	-7,874
Subtotal, Support Housing and Urban Development	0	-2	-29	-140	-451	-895	-1,378	-1,864	-2,349	-2,851	-3,371	-1,517	-13,330
MODIFY FOSSIL FUEL TAXATION:													
Eliminate fossil fuel tax preferences:													
<i>Repeal the enhanced oil recovery credit</i>	0	0	0	31	80	130	186	237	271	301	330	241	1,566
<i>Repeal the credit for oil and natural gas produced from marginal wells</i>	0	0	3	52	144	219	265	288	301	317	333	418	1,922
<i>Repeal the expensing of intangible drilling costs</i>	0	1,508	2,231	1,806	1,401	847	600	597	601	590	561	7,793	10,742
<i>Repeal the deduction for costs paid or incurred for any qualified tertiary injectant used as part of a tertiary recovery method</i>													
<i>Repeal the exception to passive loss limitations provided to working interests in oil and natural gas properties</i>	0	10	9	9	9	8	8	8	8	7	7	45	83

included in repeal the enhanced oil recovery credit

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Repeal the use of percentage depletion with respect to oil and natural gas wells	0	925	1,037	1,085	1,178	1,267	1,351	1,433	1,510	1,579	1,649	5,492	13,014
Increase geological and geophysical amortization period for independent producers	0	631	831	930	1,008	1,045	1,086	1,128	1,158	1,193	1,218	4,445	10,228
Repeal expensing of mine exploration and development costs	0	131	194	156	122	74	52	52	52	50	49	677	932
Repeal percentage depletion for hard mineral fossil fuels	0	163	183	191	208	224	239	253	267	279	291	969	2,298
Repeal capital gains treatment for royalties	0	27	52	54	57	62	64	66	69	71	73	252	595
Repeal the exemption from the corporate income tax for fossil fuel publicly traded partnerships	0	0	0	0	0	0	90	176	216	253	288	0	1,023
Repeal the Oil Spill Liability Trust Fund excise tax exemption for crude oil derived from bitumen and kerogen-rich rock	0	29	38	39	40	41	41	42	43	45	46	187	404
Repeal accelerated amortization for air pollution control facilities	0	14	34	54	71	88	103	117	115	103	92	261	791
Subtotal, Eliminate fossil fuel tax preferences	0	3,438	4,612	4,407	4,318	4,005	4,085	4,397	4,611	4,788	4,937	20,780	43,598
Modify Oil Spill Liability Trust Fund (OSLTF) financing and Superfund excise taxes:													
Eliminate tax exemption for crude oil derived from bitumen and kerogen-rich rock for the Superfund	0	64	85	87	88	88	89	90	92	95	95	412	873
Eliminate drawback for the OSLTF	0	53	70	71	72	72	72	72	72	72	72	338	698
Subtotal, Modify OSLTF financing and Superfund excise taxes	0	117	155	158	160	160	161	162	164	167	167	750	1,571
Subtotal, Modify Fossil Fuel Taxation	0	3,555	4,767	4,565	4,478	4,165	4,246	4,559	4,775	4,955	5,104	21,530	45,169
STRENGTHEN TAXATION OF HIGH-INCOME TAXPAYERS:													
Increase the top marginal income tax rate for high earners	5,861	23,895	39,877	46,351	19,648	7,909	8,573	9,153	9,796	10,451	11,156	137,680	186,809
Reform the taxation of capital income	263	5,464	15,229	17,487	17,979	17,969	18,452	19,224	20,025	20,885	21,774	74,128	174,488
Impose a minimum income tax on the wealthiest taxpayers	0	0	36,115	40,478	42,662	43,395	43,053	42,591	38,087	36,047	38,415	162,650	360,843
Subtotal, Strengthen Taxation of High-Income Taxpayers	6,124	29,359	91,221	104,316	80,289	69,273	70,078	70,968	67,908	67,383	71,345	374,458	722,140
SUPPORT FAMILIES AND STUDENTS:													
Make adoption tax credit refundable and allow certain guardianship arrangements to qualify 3/	0	-11	-2,037	-1,244	-1,015	-1,038	-1,009	-1,016	-1,031	-1,043	-1,050	-5,345	-10,494
Provide income exclusion for student debt relief 3/	0	0	0	0	-2	-17	-41	-266	-292	-320	-351	-19	-1,289
Subtotal, Support Families and Students	0	-11	-2,037	-1,244	-1,017	-1,055	-1,050	-1,282	-1,323	-1,363	-1,401	-5,364	-11,783

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MODIFY ESTATE AND GIFT TAXATION:													
Modify income, estate and gift tax rules for certain grantor trusts	0	452	1,699	2,405	2,349	3,950	4,949	5,504	6,049	6,912	7,261	10,855	41,530
Require consistent valuation of promissory notes	0	342	716	747	697	695	658	649	637	619	601	3,197	6,361
Improve tax administration for trusts and decedents' estates	0	-15	-23	-24	-25	-30	-34	-38	-43	-45	-49	-117	-326
Limit duration of generation-skipping transfer tax exemption													
Subtotal, Modify Estate and Gift Taxation	0	779	2,392	3,128	3,021	4,615	5,573	6,115	6,643	7,486	7,813	13,935	47,565
CLOSE LOOPHOLES:													
Tax carried (profits) interests as ordinary income	0	406	677	675	674	672	679	692	706	720	735	3,104	6,636
Repeal deferral of gain from like-kind exchanges	0	676	1,857	1,914	1,971	2,030	2,091	2,154	2,218	2,285	2,354	8,448	19,550
Require 100 percent recapture of depreciation deductions as ordinary income for certain depreciable real property	0	35	113	233	364	505	657	821	1,000	1,192	1,400	1,250	6,320
Limit a partner's deduction in certain syndicated conservation easement transactions	0	925	4,689	2,739	2,114	1,488	1,261	1,299	1,337	1,377	1,419	11,955	18,648
Limit use of donor advised funds to avoid private foundation payout requirement	0	16	15	10	6	3	2	3	3	3	3	50	64
Extend the period for assessment of tax for certain Qualified Opportunity Fund investors	0	4	13	15	15	13	10	9	8	6	2	60	95
Establish an untaxed income account regime for certain small insurance companies	0	908	2,241	1,017	865	795	764	757	748	739	730	5,826	9,564
Expand pro rata interest expense disallowance for business-owned life insurance	0	530	540	582	619	665	704	739	774	812	850	2,936	6,815
Correct drafting errors in the taxation of insurance companies under the Tax Cuts and Jobs Act of 2017	0	86	112	116	100	75	70	63	59	55	51	489	787
Define the term "ultimate purchaser" for purposes of diesel fuel exportation	0	4	6	9	10	13	14	17	20	22	24	42	139
Subtotal, Close Loopholes	0	3,590	10,263	7,310	6,738	6,259	6,252	6,554	6,873	7,211	7,568	34,160	68,618
IMPROVE TAX ADMINISTRATION AND COMPLIANCE:													
Enhance accuracy of tax information:													
Expand the Secretary's authority to require electronic filing for forms and returns													
Improve information reporting for reportable payments subject to backup withholding	0	38	87	148	202	211	221	231	241	252	276	686	1,907
Subtotal, Enhance accuracy of tax information	0	38	87	148	202	211	221	231	241	252	276	686	1,907

negligible revenue effect

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Address taxpayer noncompliance with listed transactions:													
<i>Extend statute of limitations for listed transactions</i>	0	23	51	64	78	76	74	73	72	70	69	292	650
<i>Impose liability on shareholders to collect unpaid income taxes of applicable corporations</i>	0	430	448	466	485	505	525	548	571	596	622	2,334	5,196
Subtotal, Address taxpayer noncompliance with listed transactions	0	453	499	530	563	581	599	621	643	666	691	2,626	5,846
Amend the centralized partnership audit regime to permit the carryover of a reduction in tax that exceeds a partner's tax liability	0	-5	-5	-5	-5	-6	-6	-7	-7	-7	-7	-26	-60
Incorporate Chapters 2/2A in centralized partnership audit regime proceedings													
Authorize limited sharing of business tax return information to measure the economy more accurately													
Impose an affirmative requirement to disclose a position contrary to a regulation	0	5	7	11	11	12	12	14	14	15	15	46	116
Require employers to withhold tax on failed nonqualified deferred compensation plans	0	555	580	605	631	658	687	718	752	787	824	3,029	6,797
Extend to six years the statute of limitations for certain tax assessments													
Expand and increase penalties for noncompliant return preparation and e-filing and authorize IRS oversight of paid preparers:													
<i>Expand and increase penalties for noncompliant return preparation and e-filing 3/</i>	0	14	31	38	45	51	53	55	58	60	63	179	468
<i>Grant authority to IRS for oversight of all paid preparers 3/</i>	0	25	34	45	51	50	54	58	64	70	76	205	527
Subtotal, Expand and increase penalties for noncompliant return preparation and e-filing and authorize IRS oversight of paid preparers	0	39	65	83	96	101	107	113	122	130	139	384	995
Address compliance in connection with tax responsibilities of expatriates	0	0	1	1	1	1	1	2	2	2	2	4	13
Simplify foreign exchange gain or loss rules and exchange rate rules for individuals	0	-1	-2	-2	-2	-3	-3	-3	-3	-3	-3	-10	-25
Increase threshold for simplified foreign tax credit rules and reporting	0	-14	-25	-27	-29	-31	-31	-32	-32	-32	-34	-126	-287
Subtotal, Improve Tax Administration and Compliance	0	1,070	1,207	1,344	1,468	1,524	1,587	1,657	1,732	1,810	1,903	6,613	15,302

MODERNIZE RULES, INCLUDING THOSE FOR DIGITAL ASSETS:

Modernize rules treating loans of securities as tax-free to include other asset classes and address income inclusion

negligible revenue effect

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Provide for information reporting by certain financial institutions and digital asset brokers for purposes of exchange of information	0	48	95	179	209	222	237	251	267	287	303	753	2,098
Require reporting by certain taxpayers of foreign digital asset accounts	0	50	100	188	220	234	250	264	282	302	319	792	2,209
Amend the mark-to-market rules for dealers and traders to include digital assets	0	4,846	133	146	161	177	194	214	235	259	284	5,463	6,649
Subtotal, Modernize Rules, Including Those for Digital Assets	0	4,944	328	513	590	633	681	729	784	848	906	7,008	10,956
IMPROVE BENEFITS TAX ADMINISTRATION:													
Clarify tax treatment of fixed indemnity health policies													
Clarify tax treatment of on-demand pay arrangements													
Rationalize funding for post-retirement medical and life insurance benefits													
Subtotal, Improve Benefits Tax Administration													
TOTAL, ADMINISTRATION'S FISCAL YEAR 2023 REVENUE PROPOSALS	6,124	131,165	274,537	296,940	266,878	256,586	260,037	258,719	253,583	254,269	260,661	1,226,106	2,513,375
Total, receipt effect	6,124	131,153	276,512	298,115	267,822	257,557	260,978	259,686	254,565	255,264	261,663	1,231,159	2,523,315
Total, outlay effect	0	-12	1,975	1,175	944	971	941	967	982	995	1,002	5,053	9,940
NOTES													
1. Presentation in this table does not necessarily reflect the order in which these proposals were estimated.													
2. The FY 2023 Budget includes additional receipts effects from the proposals to: fund the Federal Payment Levy Program via collections, require coverage of three primary care visits and three behavioral health visits without cost-sharing, improve access to behavioral healthcare in the private insurance market, establish a user fee for the Electronic Visa Update System, and create a mandatory reemployment services and eligibility assessment program.													
3. This proposal affects both receipts and outlays. Both effects are shown above. The outlay effects included in these estimates are listed below.													
Make adoption tax credit refundable and allow certain guardianship arrangements to qualify	0	0	1,995	1,202	973	996	967	974	989	1,001	1,008	5,166	10,105
Provide income exclusion for student debt relief	0	0	0	0	0	1	1	21	24	27	29	1	103
Expand and increase penalties for noncompliant return preparation and e-filing	0	0	-6	-6	-6	-7	-7	-7	-8	-8	-8	-25	-63
Grant authority to IRS for oversight of all paid preparers	0	-12	-14	-21	-23	-19	-20	-21	-23	-25	-27	-89	-205
Total, outlay effect	0	-12	1,975	1,175	944	971	941	967	982	995	1,002	5,053	9,940