



The Biden Tax Plan

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<https://budgetmodel.wharton.upenn.edu/estimates/2020/1/23/the-biden-tax-plan>

Summary: We estimate the budgetary, distributional and economic effects over the 10-year budget window (2021 - 2030) of Former Vice President Joe Biden's tax plan, which raises taxes on high-income households through ten specific proposals, united around the common theme of raising taxes on capital income. Detailed summaries of each proposal can be found in our analysis of the estimate*.

* <https://budgetmodel.wharton.upenn.edu/issues/2020/1/23/the-biden-tax-plan>

This analysis has been updated as part of PWBM's comprehensive analysis of the Biden platform.**

** <https://budgetmodel.wharton.upenn.edu/estimates/2020/3/10/the-updated-biden-tax-plan>

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Table 1. Conventional and Dynamic Revenue Estimates, Fiscal Years 2021-2030

Billions of Dollars, Change from Current-Law Baseline

Provision	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Budget window
Eliminate stepped-up basis	10	15	16	18	19	21	23	25	27	30	204
Raise the top rate on ordinary income	19	23	23	25	27	16	13	11	7	0	163
Tax capital gains and dividends at ordinary rates	14	18	18	19	20	15	15	16	17	18	173
Limit itemized deductions	8	11	12	12	13	26	31	33	34	36	217
Raise the corporate tax rate	69	104	114	118	122	132	140	142	143	146	1,230
Impose a minimum tax on corporate book income	19	15	13	15	19	22	24	26	28	30	212
Raise the tax rate on foreign profits	34	36	38	40	42	22	23	24	25	26	310
Eliminate fossil fuel subsidies	2	2	3	3	3	3	3	3	4	4	30
Eliminate real estate loopholes	2	3	3	3	4	4	4	4	4	4	36
Conventional	178	227	240	254	269	261	277	285	289	294	2,574
<i>Dynamic (includes macroeconomic effects)</i>	160	205	216	229	242	235	250	257	261	265	2,320



Table 2: Distribution of Federal Tax Change Under Former Vice President Biden's Tax Plan, 2021

Corporate, individual and payroll tax

Income group	Average tax change	Share with a tax increase	Percent change in after-tax income	Share of tax change	Share of federal taxes paid	Change in share of federal taxes paid
Bottom quintile	\$15	31.0%	-0.5%	0.4%	-0.2%	0.1%
Second quintile	\$100	93.1%	-0.4%	1.6%	0.8%	0.1%
Middle quintile	\$195	95.9%	-0.4%	3.2%	7.9%	-0.4%
Fourth quintile	\$385	95.3%	-0.5%	5.4%	16.3%	-1.0%
80-90%	\$710	98.8%	-0.5%	4.1%	13.2%	-0.8%
90-95%	\$1,275	99.3%	-0.7%	3.4%	10.3%	-0.6%
95-99%	\$3,260	99.6%	-1.1%	7.1%	16.8%	-0.9%
99-99.9%	\$37,830	100.0%	-4.5%	18.2%	15.3%	0.3%
Top 0.1%	\$1,007,925	100.0%	-13.9%	56.0%	19.4%	3.3%

Note: "Income" is defined as AGI plus: above-the-line deductions, nontaxable interest income, nontaxable Social Security benefits, nontaxable pensions and annuities, employer-side payroll taxes, and corporate liability. Seventy-five percent of the corporate income tax is assumed to be borne by the owners of capital; the rest is assumed to fall on wages. Federal taxes included are individual income, payroll, and corporate income taxes.



Table 2: Distribution of Federal Tax Change Under Former Vice President Biden's Tax Plan, 2021

Individual and payroll tax only

Income group	Average tax change	Share with a tax increase	Percent change in after-tax income	Share of tax change	Share of federal taxes paid	Change in share of federal taxes paid
Bottom quintile	\$0	0.0%	0.0%	0.0%	-0.3%	0.0%
Second quintile	\$0	0.0%	0.0%	0.0%	0.4%	0.0%
Middle quintile	\$0	0.0%	0.0%	0.0%	8.0%	-0.4%
Fourth quintile	\$0	0.0%	0.0%	0.0%	16.9%	-0.9%
80-90%	\$0	0.0%	0.0%	0.0%	13.8%	-0.7%
90-95%	\$5	0.1%	0.0%	0.0%	10.6%	-0.5%
95-99%	\$140	2.9%	0.0%	0.6%	17.2%	-0.9%
99-99.9%	\$21,945	83.8%	-2.6%	19.9%	15.2%	0.2%
Top 0.1%	\$754,530	99.3%	-10.4%	79.4%	18.1%	3.2%

Note: "Income" is defined as AGI plus: above-the-line deductions, nontaxable interest income, nontaxable Social Security benefits, nontaxable pensions and annuities, employer-side payroll taxes, and corporate liability. Seventy-five percent of the corporate income tax is assumed to be borne by the owners of capital; the rest is assumed to fall on wages. Federal taxes included are individual income, payroll, and corporate income taxes.

Table 3. Economic Effects of Former Vice President Biden's Tax Plan
Percent Change from Baseline

Year	GDP	Capital stock	Hours worked	Average hourly wage
2030	-0.1%	0.0%	0.0%	-0.1%
2040	-0.1%	-0.1%	0.0%	-0.1%
2050	0.1%	0.4%	0.2%	0.0%

Note: Consistent with empirical evidence*, the projections above assume that the U.S. economy is 40 percent open and 60 percent closed. Specifically, 40 percent of new government debt is purchased by foreigners.

* <https://budgetmodel.wharton.upenn.edu/issues/2016/9/13/setting-1>