Higher Taxes and Lower Employment With Former Vice President Biden’s Tax Proposals reports Bambridge Accountants New York

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A detailed review of former vice president Joe Biden's, the presumptive Democratic nominee for president, tax plans would lead to higher taxes and lower employment report Bambridge Accountants New York.

According to a new analysis by the nonpartisan The Tax Foundation, the key effects are:

- after-tax income for all individuals would be reduced

- employment levels would be lower

- raised corporate taxes to 28%

- U.S. expat taxes would be increased

Although 95% of individuals were better off or the same after the Tax Cuts and Jobs Act 2017 - under the Biden proposals individuals in every income group would have less take home pay.

The plan would reduce GDP by 1.51%, leading to lower employment, a loss of 585,000 jobs.

The current corporate tax rate is 21% and the proposal is to raise this to 28%. That rate would be one of the highest out of the larger and industrialized nations - higher than the European average (20.27%), China (25%) and the current North America average (25.85%).

U.S. expats would still be able to use foreign tax credits against their foreign income. A raise in US tax on dividends and capital gains, especially for high earners where they will be taxed as income, will see higher U.S.tax rates than many foreign countries and so U.S. expats will be required to pay the "top-up" in taxes that the foreign tax credit does not cover.

President Trump's tax plans for 2020 and re-election have not been released in detail - the expected proposals are to include:

- reducing the income tax rate for individuals

- further reducing the corporate tax rate

- allowing for capitals gains to recognize inflation, so the tax on those capital gains is reduced

- extending and enhancing the estate tax provisions

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