

Paying for the Infrastructure Bill

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Provided by DSA Financial Group

President Joe Biden introduced the much-anticipated American Jobs Plan, which outlines an approach to spend roughly \$2.2 trillion on the nation's infrastructure and other projects.

As part of the legislative process, the Biden administration also laid out a proposal for paying for the domestic investment. The plan includes raising the corporate tax rate to 28% from 21%, cracking down on companies that use overseas operations to manage profits, and eliminating tax breaks for some industries.¹

Right now, the proposal does not include any new taxes on individuals. It's only targeting corporations expecting that the 8-year plan would pay for itself in 15 years.²

But some believe that in the coming weeks, the Biden administration intends to put forward additional tax initiatives that target high-earning Americans.

One proposal that may get introduced would raise taxes on families who earn more than \$400,000 a year. There also has been discussion about a higher capital gains tax rate for individuals earning at least \$1 million a year and adjustments to the estate tax exemption.³

At this point, it's uncertain what—if any—tax changes for individuals will be taken up by Congress. The initiatives that will take priority may become more clear in the weeks ahead.

Challenge yourself to be patient during this period of debate over tax proposals. If they introduce changes, a sound analysis should drive portfolio decisions, not knee-jerk reactions to current events. Remember, this letter is for informational purposes only. It is not a replacement for real-life advice, so make sure to consult your tax, legal, and accounting professionals before modifying your tax strategy.

If you are concerned about one or more of these proposals, please give us a call. We'd welcome the chance to hear your perspective, and hopefully, we can provide some guidance.

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Citations

1. CNBC.com, March 31, 2021
2. USAToday.com, March 31, 2021
3. Bloomberg.com, March 14, 2021