

# PRESIDENT BIDEN'S 2025 BUDGET

## Tax Fairness and Fiscal Responsibility

[President Biden's 2025 budget](#) builds on the progress made by the Administration and Congressional Democrats over the last three years to ensure those with the most among us pay their fair share in taxes. The budget not only improves tax equity, it also will raise revenue that will allow for investments in families and our communities, all while lowering the deficit and maintaining stable economic growth. This is a stark contrast with House Republicans' 2025 budget, which instead of improving equality and being fiscally responsible would explode the deficit and give handouts to the rich.

### ENDING PREFERENTIAL TAX TREATMENT FOR THE WEALTHY

The President's budget ensures that billionaires do not get special tax treatment and pay lower tax rates than hard-working American families. Specifically, it imposes a minimum tax on the wealthiest earners, meaning that billionaires must pay at least 25 percent in taxes of their full income, including unrealized appreciation. It applies to those in the top 0.01 percent of earners (those worth over \$100 million), and most of the revenue comes from households worth more than \$1 billion. This proposal alone raises \$503 billion in revenue over the decade. The budget also asks the highest earners, or those earning more than \$400,000 a year, to pay a top marginal tax rate of 39.6 percent – a policy that raises \$246 billion over the decade and undoes one of the massive tax cuts for the wealthy in the 2017 tax law. The budget also taxes capital gains at the same rate as income for those making over \$1 million a year while closing loopholes like the carried interest loophole, which allows wealthy investment fund managers to pay low tax rates. By closing those loopholes, the budget raises \$63 billion over the decade.

### MAKING CORPORATIONS PAY THEIR FAIR SHARE

The budget requires corporations to contribute their fair share in taxes. For example, the budget increases the corporate tax rate to 28 percent, which will undo some of the massive corporate tax giveaways that were part of the 2017 tax law but remains below the 35 percent corporate tax rate that existed before 2017. This policy alone raises \$1.35 trillion over the decade. The budget also raises \$137 billion by increasing the corporate minimum tax rates on corporations with billions of dollars in earnings from 15 to 21 percent, building on the earlier minimum tax requirement passed as part of the Inflation Reduction Act (IRA). It also quadruples the stock buyback tax, incentivizing corporations to invest in their businesses instead of sending excess profits to shareholders. Collectively, these and other proposals that ask big corporations to contribute more raise \$2.16 trillion in revenue over the decade.

### REFORMING CLIMATE AND INTERNATIONAL TAXATION

To ensure equity across the international tax system, the budget builds on an earlier deal made between the Administration and 130 other nations which creates a global tax framework that ends the race to the bottom in international taxation. These policies reduce incentives to hide profit in low-tax jurisdictions, stop corporate tax inversions, and raise the tax rate on multinational foreign earnings from 10.5 to 21 percent. In total, these reforms raise \$122 billion over the decade.

The plan also eliminates tax preferences for fossil fuels, which raise \$35 billion over the decade. In addition, it extends and enhances incentives for clean energy, energy efficiency, and electricity transmission, and ensures polluting industries pay for environmental cleanup by restoring payments into the Superfund Trust Fund. Those modifications to energy tax policy raise \$45 billion over the decade.

## CRACKING DOWN ON WEALTHY TAX CHEATS

Funding as part of the IRA to support Internal Revenue Service (IRS) enforcement has brought in millions of dollars in revenue simply from ensuring that the very wealthy pay the taxes they owe under [current law](#). This restores the full investment in the IRS made under the IRA and provides new long-term funding, which helps the agency to enforce tax law. Because these investments help the IRS bring in more revenue than they spend on enforcement, they raise \$341 billion over the decade.

## SUPPORTING WORKERS AND CHILDREN

The budget makes a commitment to our children and families by expanding the Child Tax Credit and making it permanently refundable. This means increasing maximum benefits to \$3,000 per child for children age six and above and to \$3,600 per child for children under six – a policy which cut child poverty in half when passed as part of the American Rescue Plan. This investment costs \$310 billion over the decade. The budget also rewards work by making a \$163 billion investment in workers by expanding the Earned Income Tax Credit for workers without qualifying children.

## IMPROVING THE FISCAL OUTLOOK

In total, these important changes to the tax code make our tax system more equitable, encourage investment in the United States and help to level the playing field for all Americans. Under the budget, revenues average between 19 and 20 percent of GDP over the decade, which is a return to average revenue levels seen in the mid-1990s when the federal government was running a surplus. The sum total of the revenue policies brings in \$70 trillion over the decade, which is about \$5 trillion more than under current law. This additional tax revenue contributes to the \$3 trillion in deficit reduction over the decade presented in the budget. This budget raises revenue in a responsible way that maintains economic growth while allowing for policies to support families, all while reducing the deficit.

## REPUBLICANS PRIORITIZE TAX HANDOUTS TO THE RICH

In 2025 many portions of the 2017 tax law expire. That legislation disproportionately gave benefits to the rich and extending it for another decade may cost [upwards of \\$3 trillion](#). With the looming expiration of these provisions, the President's budget supports policies that do not increase taxes on people earning less than \$400,000 while cutting taxes for working class families, especially those with children. This budget also extends tax cuts for working and middle-class people by ensuring that the rich pay their fair share.

In contrast, the [House Republican budget](#) allows for unlimited deficit busting tax cuts for the rich. Their budget does not require that these tax cuts be deficit neutral, meaning that they can blow trillions of dollars into the deficit while handing out benefits for the rich. Instead of showing responsible policies to raise revenue and reduce inequality, the Republican budget uses gimmicks to hide behind giveaways to the wealthy and well connected. In contrast, the President's budget promotes a framework that raises revenue, supports the working class, and improves tax equity.

*This document has not been reviewed and approved by the Democratic Caucus of the Budget Committee and may not necessarily reflect the views of all members.*



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ON THE BUDGET**

RANKING MEMBER BRENDAN F. BOYLE

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