

My Small Business

— is not a —
Tax Loophole!



Major Tax Increases Proposed in the White House's 2024 Budget

Current Law	Proposal	Cost to Taxpayers
Corporate tax rate is flat 21%.	Increases corporate tax rate to flat 28%.	\$1.3 trillion
Investment income is subjected to 3.8% tax.	Expands 3.8% tax to all small business income over \$400,000 (not indexed). Claims small businesses use a loophole to avoid this tax.	\$305.9 billion
Investment income tax rate is 3.8%.	Increases 3.8% tax rate on small business income over \$400,000 to 5%. Claims small businesses use a loophole to avoid this tax.	\$344.4 billion
Top individual rate is 37% for income over \$578,125 single / \$693,750 joint.	Increases top individual rate from 37% to 39.6% and threshold to \$400,000 single / \$450,000 joint.	\$235.3 billion
Top capital gains rate is 23.8%.	Nearly doubles top capital gains rate to 44.6% for income over \$1 million, relevant when selling small businesses to fund retirement.	\$213.9 billion
Family business assets' tax basis "steps-up" to current market value when passed to the next generation.	Repeals "step-up in basis," so when family-business assets are passed to the next generation, the assets will be subjected to capital gains taxes, with minimal exceptions. Claims small businesses use "step-up in basis" as a loophole to avoid taxes.	
Last year, Congress allocated \$80 billion to the Internal Revenue Service (IRS) with a disproportionate amount earmarked for enhanced enforcement.	Even though the IRS has not shared a plan for \$80 billion, this budget proposes an additional \$29.1 billion for enforcement activities in 2032 and 2033 (after the \$80 billion presumably runs out.)	\$134.1 billion

Total Cost to Taxpayers: \$2.5 TRILLION