

President Obama releases 2014 budget proposal.

April 25, 2013

On April 10, President Obama released his Fiscal Year (FY) 2014 federal budget proposals, which included \$1.8 trillion of additional deficit reduction over 10 years. It contained many of the provisions proposed in his 2013 budget, along with several new ones, such as the use of a chained consumer price index, a \$3 million limit on tax-preferred retirement accounts, including individual retirement accounts (IRAs), and an increase on the excise tax on tobacco. Among the budget provisions, are provisions that would:

- Require that households with incomes over \$1 million pay at least 30% of their income (after charitable giving) in taxes (the so called “Buffett Rule”);
- Limit the value of tax deductions and other tax benefits for the top 2% of families to 28%;
- Provide a 10% tax credit for small businesses that hire new employees or increase wages;
- Provide a new tax credit to encourage employers to offer retirement savings plans and expands the tax credit for affordable child care.
- Make permanent the American Opportunity Tax Credit;
- Make permanent the increased refundability of the child tax credit;
- Make permanent the earned income tax credit (EITC) for larger families and married couples;
- Eliminate the capital gain treatment of carried interest;
- Make permanent and enhance the research credit;
- Provide incentives for manufacturing and clean energy;
- Allow small businesses to write-off up to \$500,000 of new investment;
- Eliminate tax benefits for oil and gas companies and special tax rules for corporate jets; and
- Implement reforms to prevent companies from shifting profits overseas to avoid U.S. taxes and to encourage “insourcing” and job creation in the U.S.