

FY 2025 Greenbook Tax Proposals	Description in BHFS FY2024 Budget Summary  (for proposals carried over from FY2024) <sup>1</sup>	Revenue Estimate
<b>Reform Business Taxation</b>		
<b>Raise the corporate income tax rate to 28%</b>	No major changes <a href="#">FY2024 Summary</a> Page 1	Proposal would raise \$1.3 trillion
<b>Increase the corporate alternative minimum tax (CAMT) rate to 21%</b> <ul style="list-style-type: none"> <li>The proposal would raise the CAMT rate from 15% to 21%</li> <li>Effective Date: taxable years beginning after Dec. 31, 2023.</li> </ul>	New proposal for FY2025	Proposal would raise \$137 billion
<b>Increase the excise tax rate on repurchase of corporate stock and close loopholes</b> <ul style="list-style-type: none"> <li>The proposal would increase the excise tax rate on stock repurchases from 1% to 4%</li> <li>Expands the excise tax to the acquisition of stock of certain foreign corporations of a specified affiliate and the acquisition of stock of certain foreign corporations subject to the inversion rules</li> <li>Effective Date: applies to repurchases of stock after Dec. 31, 2023</li> </ul>	New proposal for FY2025	Proposal would raise \$165 billion
<b>Tax corporate distributions as dividends</b>	No major changes <a href="#">FY2024 Summary</a> Page 1	Proposal would raise \$2 billion
<b>Limit tax avoidance through inappropriate leveraging of parties to divisive reorganizations</b>	No major changes <a href="#">FY2024 Summary</a> Page 2	Proposal would raise \$44 billion

<sup>1</sup> Unless otherwise noted, the effective dates of proposals carried over from the FY2024 budget are moved forward by one year in the FY2025 budget.

<b>Limit losses recognized in liquidation transactions</b>	<a href="#">No major changes FY2024 Summary</a> Page 2	Proposal would raise \$547 million
<b>Prevent basis shifting by related parties through partnerships</b>	<a href="#">No major changes FY2024 Summary</a> Page 3	Proposal would raise \$15 billion
<b>Conform definition of “control” with corporate affiliation test</b>	<a href="#">No major changes FY2024 Summary</a> Page 3	Proposal would raise \$7 billion
<b>Strengthen limitation on losses for noncorporate taxpayers</b>	<a href="#">No major changes FY2024 Summary</a> Page 3	Proposal would raise \$76 billion
<b>Expand limitation on deductibility of employee remuneration in excess of \$1 million</b> <ul style="list-style-type: none"> <li>• The proposal would substantially expand the application of section 162(m) limitation on the deductibility executive compensation of by applying it to all C corporations—publicly as well as privately held—and to all compensation paid by the corporation in excess of \$1 million to any employee</li> <li>• Adds an aggregation rule that would treat all members of a controlled group as a single employer</li> <li>• Expands the Secretary’s regulatory authority to issue anti-abuse rules regarding the performance of services other than as an employee and payments of compensation through pass-through entities</li> <li>• Effective Date: taxable years beginning after Dec. 31, 2024</li> </ul>	<a href="#">New proposal for FY2025</a>	Proposal would raise \$272 billion
<b>Prevent prison facility rent payments from contributing to qualification as a REIT</b>	<a href="#">No major changes FY2024 Summary</a> Page 4	Proposal would have a negligible revenue effect

<b>Reform International Taxation</b>		
<b>Revise the global minimum tax regime, limit inversions, and make related reforms</b>	No major changes <a href="#">FY2024 Summary</a> Page 4	Proposal would raise \$374 billion
<b>Adopt the undertaxed profits rule</b>	No major changes <a href="#">FY2024 Summary</a> Page 6	Proposal would raise \$136 billion
<b>Repeal the deduction for foreign-derived intangible income (and provide additional support for research and development expenditures)</b>	No major changes <a href="#">FY2024 Summary</a> Page 6	Proposal would have no net revenue effect
<b>Revise the rules that allocate Subpart F income and GILTI between taxpayers to ensure that Subpart F income and GILTI are fully taxed</b>	No major changes <a href="#">FY2024 Summary</a> Page 7	Proposal would raise \$3 billion
<b>Require a controlled foreign corporation's taxable year to match that of its majority U.S. shareholder</b> <ul style="list-style-type: none"> <li>The proposal would eliminate the election for a controlled foreign corporation (CFC) to use a taxable year that is different from the taxable year of its majority U.S. shareholder</li> <li>Effective Date: effective as of the date of enactment, with CFCs with existing deferral elections having a short taxable year as of the first taxable year end of its U.S. majority shareholder that is at least 60 days after the proposal's date of enactment</li> </ul>	New proposal for FY2025	Proposal would have a negligible revenue effect
<b>Limit foreign tax credits from sales of hybrid entities</b>	No major changes <a href="#">FY2024 Summary</a> Page 8	Proposal would raise \$4 billion
<b>Restrict deductions of excessive interest of members of financial reporting groups</b>	No major changes <a href="#">FY2024 Summary</a> Page 8	Proposal would raise \$40 billion

<p><b>Conform scope of portfolio interest exclusion for 10% shareholders to other tax rules</b></p> <ul style="list-style-type: none"> <li>• The proposal would modify the definition of a 10% shareholder, in the case of interest paid on an obligation issued by a corporation, to mean any person who owns 10% or more of the total combined voting power of all classes of stock of the corporation entitled to vote or 10% or more of the total value of shares of all classes of the corporation</li> <li>• Effective Date: effective for payments of U.S.-source interest made on debt instruments issued or deemed issued on or after 60 days after the proposal's date of enactment</li> </ul>	<p>New proposal for FY2025</p>	<p>Proposal would raise \$184 million</p>
<p><b>Treat payments substituting for partnership effectively connected income as U.S. source dividends</b></p>	<p>No major changes <a href="#">FY2024 Summary</a> Page 9</p>	<p>Proposal would have no revenue effect</p>
<p><b>Expand access to retroactive qualified electing fund elections</b></p>	<p>No major changes <a href="#">FY2024 Summary</a> Page 9</p>	<p>The proposal would raise \$56 million</p>
<p><b>Reform taxation of foreign fossil fuel income</b></p>	<p>No major changes <a href="#">FY2024 Summary</a> Page 10</p>	<p>Proposal would raise \$75 billion</p>
<p><b>Provide tax incentives for locating jobs and business activity in the United States and remove tax deductions for shipping jobs overseas</b></p>	<p>No major changes <a href="#">FY2024 Summary</a> Page 10</p>	<p>Proposal would have no net revenue effect</p>

<b>Support Housing and Urban Development</b>		
<p><b>Make permanent the new markets tax credit and formalize allocation incentives for investing in areas of higher distress</b></p> <ul style="list-style-type: none"> <li>The proposal would add a third allocation priority to the credit for Community Development Entities that intend to concentrate qualified low-income community investments on populations, geographies and/or businesses that are identified by the Secretary as having significantly deeper levels of economic distress than the baseline requirements</li> <li>Effective Date: after the date of enactment</li> </ul>	<p>Modified proposal for FY 2025 <a href="#">FY2024 Summary</a> Page 11</p>	<p>Proposal would cost \$9 billion</p>
<p><b>Provide a neighborhood homes credit</b></p>	<p>No major changes <a href="#">FY2024 Summary</a> Page 11</p>	<p>Proposal would cost \$19 billion</p>
<p><b>Expand and enhance the low-income housing credit</b></p>	<p>No major changes <a href="#">FY2024 Summary</a> Page 11</p>	<p>Proposal would cost \$37 billion</p>
<b>Modify Energy Taxes</b>		
<p><b>Repeal enhanced oil recovery credit</b></p>	<p>No major changes <a href="#">FY2024 Summary</a> Page 12</p>	<p>Proposal would have no revenue effect</p>

<b>Repeal credit for oil and gas produced from marginal wells</b>	<a href="#">No major changes FY2024 Summary</a> Page 12	Proposal would raise \$97 million
<b>Repeal expensing of intangible drilling costs</b>	<a href="#">No major changes FY2024 Summary</a> Page 12	Proposal would raise \$10 billion
<b>Repeal deduction for tertiary injectants</b>	<a href="#">No major changes FY2024 Summary</a> Page 13	Proposal would raise \$86 million
<b>Repeal exception to passive loss limitation for working interests in oil and natural gas</b>	<a href="#">No major changes FY2024 Summary</a> Page 13	Proposal would raise \$74 million
<b>Repeal percentage depletion for oil and natural gas wells</b>	<a href="#">No major changes FY2024 Summary</a> Page 13	Proposal would raise \$16 billion
<b>Increase geological and geophysical expenditure amortization period for independent producer</b>	<a href="#">No major changes FY2024 Summary</a> Page 13	Proposal would raise \$4 billion
<b>Repeal expensing of exploration and development costs</b>	<a href="#">No major changes FY2024 Summary</a> Page 13	Proposal would raise \$812 million
<b>Repeal percentage depletion for hard mineral fossil fuels</b>	<a href="#">No major changes FY2024 Summary</a> Page 13	Proposal would raise \$1 billion
<b>Repeal capital gains treatment for royalties</b>	<a href="#">No major changes FY2024 Summary</a> Page 14	Proposal would raise \$495 million

<b>Repeal the exemption from the corporation income tax for fossil fuel publicly traded partnerships</b>	<a href="#">No major changes FY2024 Summary</a> Page 14	Proposal would raise \$880 million
<b>Repeal the Oil Spill Liability Trust and Superfund excise tax exemption for crude oil derived from bitumen and kerogen-rich rock</b>	<a href="#">No major changes FY2024 Summary</a> Page 14	Proposal would raise \$2 billion
<b>Repeal accelerated amortization of air pollution control equipment</b>	<a href="#">No major changes FY2024 Summary</a> Page 14	Proposal would raise \$692 million
<b>Eliminate drawbacks on petroleum taxes that finance the Oil Spill Liability Trust Fund and Superfund</b>	<a href="#">No major changes FY2024 Summary</a> Page 14	Proposal would raise \$2 billion
<b>Impose digital asset mining energy excise tax</b>	<a href="#">No major changes FY2024 Summary</a> Page 15	Proposal would raise \$8 billion
<b>Strengthen Taxation of High-Income Taxpayers</b>		
<b>Apply the net investment income tax to pass-through business income of high-income taxpayers</b>	<a href="#">No major changes FY2024 Summary</a> Page 15	Proposal would raise \$393 billion
<b>Increase the net investment income tax rate and additional Medicare tax rate for high-income taxpayers</b>	<a href="#">No major changes FY2024 Summary</a> Page 15	Proposal would raise \$404 billion
<b>Increase the top marginal income tax rate for high-income earners</b>	<a href="#">No major changes FY2024 Summary</a> Page 16	Proposal would raise \$246 billion

<b>Reform the taxation of capital income</b>	<a href="#">No major changes FY2024 Summary</a> Page 16	Proposal would raise \$289 billion
<b>Impose a minimum income tax on the wealthiest taxpayers</b>	<a href="#">No major changes FY2024 Summary</a> Page 17	Proposal would raise \$503 billion
<b>Modify Rules Relating to Retirement Plans</b>		
<b>Prevent excessive accumulations by high-income taxpayers in tax-favored retirement accounts and make other reforms</b>	<a href="#">No major changes FY2024 Summary</a> Page 17	Proposal would raise \$24 billion
<b>Support Workers, Families, and Economic Security</b>		
<b>Expand the child credit, and make permanent full refundability and advanceability</b>	<a href="#">No major changes FY2024 Summary</a> Page 18	Proposal would cost \$310 billion
<b>Restore and make permanent the American Rescue Plan expansion of the earned income tax credit for workers without qualifying children</b>	<a href="#">No major changes FY2024 Summary</a> Page 20	Proposal would cost \$163 billion
<b>Make permanent the Inflation Reduction Act expansion of health insurance premium tax credits</b>	<a href="#">No major changes FY2024 Summary</a> Page 20	Proposal would cost \$230 billion
<b>Make the adoption tax credit refundable and allow certain guardianship arrangements to qualify</b>	<a href="#">No major changes FY2024 Summary</a> Page 20	Proposal would cost \$12 billion
<b>Make permanent the income exclusion for forgiven student debt</b>	<a href="#">No major changes FY2024 Summary</a> Page 21	Proposal would cost \$2 billion



<p><b>Extend tax-preferred treatment to certain federal and tribal scholarship and education loan programs</b></p>	<p>No major changes  <a href="#">FY2024 Summary</a>  Page 21</p>	<p>Proposal would cost \$1 billion</p>
<p><b>Increase the employer-provided child care tax credit for businesses</b></p> <ul style="list-style-type: none"> <li>• The proposal would increase the existing tax credit from 25% to 50% of the first \$1 million of qualified child care expenses, for a maximum total credit of \$500,000 per year. Qualified expenses include the acquisition, construction, rehabilitation or expansion of qualifying properties, operating costs or contracting with a qualified child care facility to provide services for the taxpayer’s employees</li> <li>• For small businesses (gross receipts of \$25 million or less (inflation adjusted)) for the five-year period preceding the taxable year, the credit would be 60% of the first \$1 million of qualified expenses. Qualified facilities may include an in-home facility that serves as the principal residence of the facility operator. The portion of the tax credit related to referral expenses would remain at 10%, with a maximum total credit of \$150,000 per year</li> <li>• Clarifies that joint ventures are eligible for the credit, but the taxpayer, not the contractor nor joint venture entity, will be treated as the employer</li> <li>• Effective Date: taxable years beginning after Dec. 31, 2024</li> </ul>	<p>Modified proposal for FY2025  <a href="#">FY2024 Summary</a>  Page 22</p>	<p>Proposal would cost \$393 million</p>
<p><b>Improve the design of the work opportunity tax credit to promote longer-term employment</b></p>	<p>No major changes  <a href="#">FY2024 Summary</a>  Page 22</p>	<p>Proposal would raise \$242 million</p>
<p><b>Provide tax credits for certain first-time homebuyers and home sellers</b></p> <ul style="list-style-type: none"> <li>• The proposal would create two new refundable tax credits—one for qualified first-time homebuyers and another for qualified home sellers</li> <li>• <b>First-Time Homebuyer Credit</b> <ul style="list-style-type: none"> <li>○ Credit would be equal to 10% of the purchase price of a home, up to a maximum credit of \$10,000. Special rules apply to multiple individuals who purchase a home together</li> <li>○ Qualification requirements include:</li> </ul> </li> </ul>	<p>New proposal for FY2025</p>	<p>Proposal would cost \$47 billion</p>

<ul style="list-style-type: none"> <li>▪ Taxpayer must be: a first-time homebuyer; age 18 on or before the date of the purchase (or purchase jointly with a spouse who is 18 years of age); and a U.S. citizen or legal permanent resident (green card holder) on the date of purchase</li> <li>▪ Home must be in the United States and the homebuyer must be a natural person who purchases a home as a principal residence from an unrelated party, and had no ownership interest in any other principal residence during the tax year in which the purchase was made or during the prior three tax years</li> <li>▪ Taxpayer must begin using the home as a principal residence no later than 120 days following the purchase. The taxpayer must continue to use the credited home as a principal residence during the three years following the date of the purchase, subject to recapture of the credit</li> <li>○ Half of a purchaser’s credit would be applied to the return for the tax year in which the home was purchased, and the other half would be applied to the return for the following tax year</li> <li>○ Credit would be available for home purchases starting on Jan. 1, 2024, through Dec. 31, 2025</li> <li>• <b>Home-Seller Credit</b> <ul style="list-style-type: none"> <li>○ Credit would be equal to 10% of the sales price of a home, up to a maximum credit of \$10,000. Special rules apply to multiple individuals who sell a home together</li> <li>○ Qualification requirements include: <ul style="list-style-type: none"> <li>▪ Taxpayer must be a natural person who: is the home seller, has attained age 18 on or before the date of sale and is a U.S. citizen or legal permanent resident (green card holder)</li> <li>▪ Taxpayer must: (a) sell the home to an unrelated party, and (b) have an ownership interest in the home during the tax year in which the sale was made and during the prior tax year</li> <li>▪ Buyer(s) must also be natural person(s) and must attest that they intend to own the home and use it as a primary residence for at least one year</li> </ul> </li> </ul> </li> </ul>		
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<ul style="list-style-type: none"> <li>○ The seller credit would apply to the return for the taxable year in which the home was sold</li> <li>○ The credit would be available for homes sold between Jan. 1, 2024, through Dec. 31, 2024</li> <li>• Both new credits would phase out based on modified AGI between \$100,000 and \$200,000. For married individual filing separately, the credits would phase out between modified AGI of \$50,000 and \$100,000</li> </ul>		
<b>Modify Estate and Gift Taxation</b>		
<b>Improve tax administration for trusts and decedents' estates</b>	No major changes <a href="#">FY2024 Summary</a> Page 22	Proposal would raise \$1 billion
<b>Limit duration of generation-skipping transfer tax exemption</b>	No major changes <a href="#">FY2024 Summary</a> Page 24	Proposal would have no revenue effect
<b>Modify income, estate, gift, and generation-skipping transfer tax rules for certain trusts</b>	No major changes <a href="#">FY2024 Summary</a> Page 25	Proposal would raise \$84 billion
<b>Revise rules for valuation of certain property</b>	No major changes <a href="#">FY2024 Summary</a> Page 28	Proposal would raise \$12 billion
<b>Close Loopholes</b>		
<b>Tax carried (profits) interests as ordinary income</b>	No major changes <a href="#">FY2024 Summary</a> Page 29	Proposal would raise \$7 billion
<b>Repeal deferral of gain from like-kind exchanges</b>	No major changes <a href="#">FY2024 Summary</a> Page 29	Proposal would raise \$20 billion

<p><b>Require 100% recapture of depreciation deductions as ordinary income for certain depreciable real property</b></p>	<p>No major changes  <a href="#">FY2024 Summary</a>  Page 30</p>	<p>Proposal would raise \$7 billion</p>
<p><b>Modify depreciation rules for purchases of general aviation passenger aircraft</b></p> <ul style="list-style-type: none"> <li>• The proposal would increase the depreciation period for private-use aircraft from five to seven years, aligning the period with the depreciation rules for commercial aircraft</li> <li>• Effective Date: for property placed in service after Dec. 31, 2024</li> </ul>	<p>New proposal for  FY2025</p>	<p>Proposal would raise \$1 billion</p>
<p><b>Limit use of donor advised funds to avoid a private foundation payout requirement</b></p>	<p>No major changes  <a href="#">FY2024 Summary</a>  Page 30</p>	<p>Proposal would raise \$270 million</p>
<p><b>Exclude payments to disqualified persons from counting toward private foundation payout requirement</b></p>	<p>No major changes  <a href="#">FY2024 Summary</a>  Page 30</p>	<p>Proposal would raise \$7 million</p>
<p><b>Extend the period for assessment of tax for certain Qualified Opportunity Fund investors</b></p>	<p>No major changes  <a href="#">FY2024 Summary</a>  Page 31</p>	<p>Proposal would raise \$98 million</p>
<p><b>Impose ownership diversification requirement for small insurance company election</b></p>	<p>No major changes  <a href="#">FY2024 Summary</a>  Page 31</p>	<p>Proposal would raise \$11 billion</p>
<p><b>Expand pro rata interest expense disallowance for business-owned life insurance</b></p>	<p>No major changes  <a href="#">FY2024 Summary</a>  Page 32</p>	<p>Proposal would raise \$7 billion</p>

<p><b>Modify rules for insurance products that fail the statutory definition of a life insurance contract</b></p> <ul style="list-style-type: none"> <li>• The proposal would: <ul style="list-style-type: none"> <li>○ Substitute “net investment value” for “net surrender value” in the definition of “income on the contract” with “net investment value” defined for a given date as the contract’s death benefit, less the amount at risk and any specific changes imposed upon the contract’s surrender</li> <li>○ Deem amounts distributed and policy loans from a failed life insurance contract to be amounts distributed or loaned under a modified endowment contract with adjustments made to “investment in the contract” to reflect amounts of income on the contract taxed prior to the distribution or loan date, other than amounts equal to the cost of insurance</li> <li>○ Deem the excess of the death benefit over the “net investment value” to be paid under the contract for purposes of the income tax exclusion for death benefits and for purposes of estate and gift taxes</li> <li>○ Earnings and gains credited to failed contracts issued after the publication date would be included in income on the contract for taxable years beginning after Dec. 31, 2024</li> </ul> </li> <li>• For qualifying life insurance contracts issued after the publication date that become failed contracts in later years, any prior amounts of untaxed investment would be taxable in the year of the contract failure. However, future withdrawals of cash value from a newly failed contract (or any policy loan) would be deemed funded from the investment in the contract and would not be a taxable distribution</li> <li>• Effective Date: taxable years beginning after Dec. 31, 2024, for life insurance contracts issued on or after the day following the publication of the General Explanation of the Administration’s Fiscal Year 2025 Revenue Proposals</li> </ul>	<p>Modified proposal for FY 2025 <a href="#">FY2024 Summary</a> Page 32</p>	<p>Proposal would raise \$185 million</p>
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<p><b>Limit tax benefits for private placement life insurance and similar contracts</b></p> <ul style="list-style-type: none"> <li>• The proposal would limit the tax benefits for private placement life insurance and annuity contracts or “Covered Contracts” that are predominately investment-oriented, with such contracts subject to additional reporting requirements</li> <li>• Covered Contracts include: private placement life insurance contracts; private placement annuities (variable contracts subject to SEC registration); variable life contracts under which premiums are paid (directly or indirectly) in kind; variable life contracts the underlying assets of which are purchased (directly or indirectly) from the policyholder or persons or entities related to the policyholder where the policyholder or related party has more than a <i>de minimis</i> ownership interest; variable life insurance contracts that (when aggregated with other contracts owned by persons or entities related to the policyholder own an interest in a separate account of an insurance company) have a cash value of at least 5%, in the aggregate, of the value of any distinct separate account investment option; and a variable insurance contract issued outside the United States, if any of the assets supporting the contract, if sold or marketed in the United States, would cause the contract to be available to only accredited investors or qualified purchasers and subject to SEC regulation as a security</li> <li>• Covered Contracts would exclude annuity contracts issued to nonnatural persons and subject to current taxation under current law and contracts issued under a qualified retirement plan or contract</li> <li>• The Secretary would be authorized to issue regulations to prevent avoidance of variable contract status and to prevent the use of conduits to prevent avoidance of Covered Contract status and regulations or other guidance to identify other investment-oriented variable life insurance contracts issued outside the United States and not subject to SEC regulations that are similar to private placement life insurance</li> <li>• The Secretary also would be authorized to issue reporting requirements to ensure that Covered Contracts are identified and taxed appropriately, with insurance companies and policyholders subject to penalties for noncompliance with the reporting rules and an extended six-year statute of limitations</li> </ul>	<p>New proposal for FY2025</p>	<p>Proposal would raise \$7 billion</p>
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<ul style="list-style-type: none"> <li>Effective Date: taxable years beginning after Dec. 31, 2024, for Covered Contracts issued on or after the day following the publication of the General Explanation of the Administration’s Fiscal Year 2025 Revenue Proposals</li> </ul>		
<b>Correct drafting errors in the taxation of insurance companies under the Tax Cuts and Jobs Act of 2017</b>	<a href="#">No major changes FY2024 Summary</a> Page 32	Proposal would raise \$682 million
<b>Define the term “ultimate purchaser” for purposes of diesel fuel exportation</b>	<a href="#">No major changes FY2024 Summary</a> Page 33	Proposal would raise \$172 million
<b>Limit the deduction for the transfer of property to the value of property actually included in income</b> <ul style="list-style-type: none"> <li>The proposal would amend section 83(h) to limit an employer’s deduction to the amount “actually included” by the taxpayer as income—rather than the amount “included” (as a matter of law). The proposal would follow IRS regulations, which limit the deduction to the amount actually included, and provide a safe harbor that deems the amount reported by the employer on the information return to be the amount the service provider includes in income</li> <li>Effective Date: taxable years beginning after Dec. 31, 2024</li> </ul>	<a href="#">New proposal for FY2025</a>	Proposal would raise \$1 billion

<p><b>Reform excise taxes on business aviation</b></p> <ul style="list-style-type: none"> <li>• The proposal would increase the excise tax on kerosene jet fuel from 21.8 cents to \$1.06 per gallon, to be phased in over a five-year period with a 16.84 cent per gallon increase each year until 2029</li> <li>• The proposed excise tax increase would not affect existing exemptions relating to foreign trade, farming, nonprofit educational organization, and state and military activity uses</li> <li>• Effective Date: taxable years beginning after Dec. 31, 2024</li> </ul>	<p>New proposal for FY2025</p>	<p>Proposal would raise \$2 billion</p>
<p><b>Improve Tax Administration</b></p>		
<p><b>Enhance accuracy of tax information</b></p>	<p>No major changes <a href="#">FY2024 Summary</a> Page 33</p>	<p>Proposal would raise \$2 billion</p>
<p><b>Amend the centralized partnership audit regime to permit the carryover of a reduction in tax that exceeds a partner’s tax liability</b></p>	<p>No major changes <a href="#">FY2024 Summary</a> Page 33</p>	<p>Proposal would cost \$66 million</p>
<p><b>Incorporate chapters 2/2A in centralized partnership audit regime proceedings</b></p>	<p>No major changes <a href="#">FY2024 Summary</a> Page 34</p>	<p>Proposal would have a negligible revenue effect</p>
<p><b>Allow partnerships to resolve audits earlier</b></p> <ul style="list-style-type: none"> <li>• The proposal would allow a partnership to make an election to push out adjustments resulting from a partnership audit after the issuance of the Notice of Proposed Partnership Adjustments until 45 days after the issuance of the Notice of Final Partnership Adjustments</li> <li>• Effective Date: after the date of enactment</li> </ul>	<p>New proposal for FY2025</p>	<p>Proposal would raise \$250 million</p>



<b>Modify requisite supervisory approval of penalty included in notice</b>	<a href="#">No major changes FY2024 Summary</a> Page 34	Proposal would raise \$2 billion
<b>Modify the requirement that general counsel review certain offers in compromise</b>	<a href="#">No major changes FY2024 Summary</a> Page 34	Proposal would raise \$45 million
<b>Simplify foreign exchange gain or loss rules and exchange rate rules for individuals</b>	<a href="#">No major changes FY2024 Summary</a> Page 34	Proposal would cost \$29 million
<b>Modernize reporting with respect to foreign tax credits to reduce burden and increase compliance</b> <ul style="list-style-type: none"> <li>• The proposal would expand the Secretary’s regulatory authority to require taxpayers to furnish information relating to the verification and computation of foreign tax credits (FTCs)</li> <li>• Extends the statute of limitations where taxpayers fail to report the required information relating to FTCs and foreign tax redeterminations (FTR) to three years after the date on which the Secretary receives the required information</li> <li>• Establishes penalties for failure to report an FTR, or failure to respond to any IRS information request relating to substantiation of an FTC or FTR</li> <li>• Effective Date: the increase in the threshold for the exception to certain FTC rules and reporting requirements would be effective for foreign income taxes paid or accrued in taxable years beginning after Dec. 31, 2024. All other changes would apply to taxable years beginning after the date of enactment</li> </ul>	<a href="#">New proposal for FY2025</a>	Proposal would cost \$328 million
<b>Authorize limited sharing of business tax return information to measure the economy more accurately</b>	<a href="#">No major changes FY2024 Summary</a> Page 35	Proposal would have no revenue effect
<b>Expand TIN matching and improve child support enforcement</b>	<a href="#">No major changes FY2024 Summary</a> Page 36	Proposal would have a negligible revenue effect

<p><b>Clarify that information previously disclosed in a judicial or administrative proceeding is not return information</b></p>	<p>No major changes  <a href="#">FY2024 Summary</a>  Page 36</p>	<p>Proposal would raise \$20 million</p>
<p><b>Require earlier electronic filing deadlines for certain information returns</b></p> <ul style="list-style-type: none"> <li>The proposal would amend Section 6071(b) to require most third-party information returns (i.e., those required under Sections 6041 through 6050Z of the Code, other than returns and statements required to be filed with respect to nonemployee compensation) to be filed on or before the date returns are required to be furnished to payees and other recipients (for most returns Jan. 31 or Feb. 15)</li> <li>Effective Date: information returns required to be filed after Dec. 31, 2024</li> </ul>	<p>New proposal for FY2025</p>	<p>Proposal would raise \$944 million</p>
<p><b>Allow the Tax Court to review all evidence in innocent spouse relief cases</b></p> <ul style="list-style-type: none"> <li>The proposal would eliminate statutory limitations on the scope of information that the Tax Court may review in innocent spouse relief cases</li> <li>Effective Date: after the date of enactment</li> </ul>	<p>New proposal for FY2025</p>	<p>Proposal would have a negligible revenue effect</p>
<p><b>Permit electronically provided notices</b></p> <ul style="list-style-type: none"> <li>The proposal would amend all Code provisions that require notice by mail (including notice by certified or registered mail sent to the taxpayer's last known address) to provide that electronic notice pursuant to the taxpayer's election or preference will have the same legal effect as a mailed notice</li> <li>Notices sent by mail would still be required unless the taxpayer elected to receive such notices only electronically</li> <li>Effective Date: as of Dec. 31, 2024</li> </ul>	<p>New proposal for FY2025</p>	<p>Proposal would have a negligible revenue effect</p>
<p><b>Reform Federal grants to low-income taxpayer clinics</b></p> <ul style="list-style-type: none"> <li>The proposal would increase the annual limitation on grants to a single Low-Income Taxpayer Clinic (LITC) to \$200,000, indexed for inflation</li> <li>Provides regulatory authority for the Secretary to reduce the matching funds requirement to 25%, where doing so would serve the mission of the LITC program</li> <li>Effective Date: after the date of enactment</li> </ul>	<p>New proposal for FY2025</p>	<p>Proposal would have a negligible revenue effect</p>

<b>Improve Tax Compliance</b>		
<b>Address taxpayer noncompliance with listed transactions</b>	No major changes <a href="#">FY2024 Summary</a> Page 36	Proposal would raise \$7 billion
<b>Impose an affirmative requirement to disclose a position contrary to a regulation</b>	No major changes <a href="#">FY2024 Summary</a> Page 36	Proposal would raise \$135 million
<b>Require employers to withhold tax on failed nonqualified deferred compensation plans</b>	No major changes <a href="#">FY2024 Summary</a> Page 37	Proposal would raise \$3 billion
<b>Extend to six years the statute of limitations for certain tax assessments</b>	No major changes <a href="#">FY2024 Summary</a> Page 37	Proposal would have a negligible revenue effect
<b>Increase the statute of limitations on assessment of the COVID-related paid leave and employee retention tax credits</b>	No major changes <a href="#">FY2024 Summary</a> Page 38	Proposal would raise \$4 billion
<b>Impose penalties for inaccurate or fraudulent employment tax returns</b> <ul style="list-style-type: none"> <li>The proposal would extend the section 6676 civil penalty to erroneous claims for refund or credit with respect to employment taxes. The penalty would be equal to 20% of the excessive amount claimed and would be effective for claims for which the statute of limitations has not expired as of the date of enactment</li> <li>Effective Date: date of enactment</li> </ul>	New proposal for FY2025	Proposal would raise \$2 billion
<b>Expand and increase penalties for noncompliant return preparation and e-filing and authorize IRS oversight of paid preparers</b>	No major changes <a href="#">FY2024 Summary</a> Page 38	Proposal would raise \$1 billion

<p><b>Make repeated willful failure to file a tax return a felony for those with significant tax liability</b></p> <ul style="list-style-type: none"> <li>• The proposal would amend section 7203 to increase criminal penalties for high-income taxpayers with significant federal tax liability who willfully fail to file a tax return for multiple years</li> <li>• A new aggravated failure-to-file criminal penalty would apply to any taxpayer who willfully fails to file a timely tax return in any three years within a consecutive five-year period, where the aggregate tax underpayment for such period is over \$250,000. The offense would be classified as a felony, punishable by no more than five years of imprisonment and a fine of up to \$250,000 (\$500,000 in the case of a corporation), or both</li> <li>• Effective Date: tax returns required to be filed after Dec. 31, 2024</li> </ul>	<p>New proposal for FY2025</p>	<p>Proposal would have a negligible revenue effect</p>
<p><b>Expand IRS summons authority for large partnerships</b></p> <ul style="list-style-type: none"> <li>• The proposal would extend the designated summons provisions to examinations of large partnerships under the large partnership compliance program or any successor program. In the case of a partnership designated summons, the relevant statute of limitations under the Bipartisan Budget Act of 2015 could be extended subject to judicial enforcement</li> <li>• The administrative procedures for partnership designated summons would parallel the current procedures applicable to designated summons issued to corporations</li> <li>• Effective Date: after the date of enactment</li> </ul>	<p>New proposal for FY2025</p>	<p>Proposal would raise \$3 billion</p>
<p><b>Address compliance in connection with tax responsibilities of expatriates</b></p>	<p>No major changes <a href="#">FY2024 Summary</a> Page 39</p>	<p>Proposal would raise \$32 million</p>
<p><b>Define control of the payment of wage</b></p>	<p>No major changes <a href="#">FY2024 Summary</a> Page 39</p>	<p>Proposal would have a negligible revenue effect</p>

<b>Modernize Rules, Including those for Digital Assets</b>		
<b>Apply the wash sale rules to digital assets and address related party transactions</b>	<a href="#">No major changes FY2024 Summary</a> Page 40	Proposal would raise \$26 billion
<b>Modernize rules treating loans of securities as tax-free to include other asset classes and address income inclusion</b>	<a href="#">No major changes FY2024 Summary</a> Page 40	Proposal would have a negligible revenue effect
<b>Provide for information reporting by certain financial institutions and digital asset brokers for purposes of exchange of information</b>	<a href="#">No major changes FY2024 Summary</a> Page 40	Proposal would raise \$3 billion
<b>Require reporting by certain taxpayers of foreign digital asset accounts</b>	<a href="#">No major changes FY2024 Summary</a> Page 40	Proposal would raise \$5 billion
<b>Amend the mark-to-market rules to include digital assets</b>	<a href="#">No major changes FY2024 Summary</a> Page 41	Proposal would raise \$7 billion
<b>Improve Benefits Tax Administration</b>		
<b>Rationalize funding for post-retirement medical and life insurance benefits</b>	<a href="#">No major changes FY2024 Summary</a> Page 41	Proposal would have a negligible revenue effect
<b>Clarify tax treatment of on-demand pay arrangements</b>	<a href="#">No major changes FY2024 Summary</a> Page 41	Proposal would have a negligible revenue effect

<p><b>Amend the excise tax on employment-based group health plans</b></p> <ul style="list-style-type: none"> <li>• The proposal would impose an excise tax on employers if their group health plans do not satisfy certain required standards, including: (a) a prohibition on discrimination on the basis of health status; (b) certain limitations on participant cost sharing; (c) a requirement to cover no-cost preventative services; (d) a requirement to cover children until they turn 26; and (e) a requirement to cover mental health and substance use disorder services on a comparable basis to medical and surgical services</li> <li>• The excise tax would be equal to \$100 for each day that the plan does not comply, for each person affected. For employers that hire outside third-party administrators (TPAs) to design and administer their plans, the proposal would amend section 4980D to make TPAs liable for the excise tax to the extent the TPA causes the employer’s group health plan to be noncompliant</li> <li>• Effective Date: taxable years beginning after Dec. 31, 2024</li> </ul>	<p>New proposal for FY2025</p>	<p>Proposal would have a negligible revenue effect</p>
<p><b>Extend Internal Revenue Service Funding</b></p>		
<p><b>Extend mandatory funding provided to the Internal Revenue Service through fiscal year 2034</b></p> <ul style="list-style-type: none"> <li>• The proposal would provide mandatory funding of \$104.3 billion to sustain improvements in taxpayer service, transformation of information technology, and enforcement on high-income taxpayers, large corporations, and complex partnerships</li> <li>• The proposed funding would be divided across the four core areas of the IRS: Taxpayer Services, Enforcement, Operations Support, and Business Systems Modernization, which are set to exhaust their funding under the Inflation Reduction Act as early as 2026 if the recissions resulting from the Fiscal Responsibility Act of 2023 and adjusted baseline for fiscal year 2025 go into effect</li> </ul>	<p>Modified proposal for FY 2025  <a href="#">FY2024 Summary</a>  Page 42</p>	<p>Proposal would raise \$341 billion</p>