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Senate BBB Tax Notes

December 13th, 2021, the Senate Finance committee released language for view to the public yesterday on their version of the Build Back Better (Reconciliation Bill). The 1,180-page document is the latest version in an ever-changing bill. With year-end rapidly approaching, we may see a bill on the floor by the end of the week. Rather than again summarize what I have already included, will quickly call out notable highlights of this version.

This likely will change very soon, so very high level of what is currently in, what is out, and what is new.

Items that remain out of Senate Bill:

- Step up in basis revocation
- Real estate capital gain changes – e.g. 1031 exchanges
- **Repeal of SALT limitation (\$10K) – Removed by Senate after having it adjusted to \$80K in the House version**
- Reinstalling first time home buyer credit
- Any changes to Social Security and the underfunding of the trust
- Changes to permanent insurance
- Flat contribution rate for 401Ks
- Federal paid family leave
- Individual tax rate increases
- Trust restrictions on IDGTs, SLATs, ILITs, etc.

Items that remain in Senate Bill:

- 1% Excise tax on corporate stock buy backs
- Net Investment Income (NII) 3.8% added to active business operations for certain taxpayers
- Corporate minimum tax of 15% on large corporations
- Child tax credit extension through 2021 – same as House version
- Section 1202 Small Business stock 100% adjusted to 50% - same as House version
- High income earners 3% surcharge tax – same as House version

- Trusts and estate surcharge tax – adjusts threshold to \$200K of income
- Pre-K expansion
- Crypto currency and commodity wash rules treated like securities

Items expanded or added to in Senate Bill:

- Big green energy incentives for renewables and cleaner energy sources
- Additional tax on e-cigarettes
- Additional crackdowns on foreign investment companies
- New limitations on business interest deductions beyond House original proposal