

Biden is blasted for breaking election promise NOT to raise taxes on small businesses: New levy will hit 1.9 million firms and see people who inherit loved one's enterprises taxed

- On the campaign trail Biden was asked if he would raise tax on small businesses
- On February 20, 2020 he said: 'No. Taxes on small businesses won't go up'
- Next week House Democrats will vote on the framework for the tax hikes
- Biden wants to raise the top marginal income tax rate to 39.6 pc, from 37pc
- Americans For Tax Reform calculate 1.9 million small businesses will be affected
- Furthermore, Biden plans to remove a 'step up' in basis on inherited property
- The rule means the person who inherits the property can sell it immediately without paying any capital gains tax - a loophole Biden wants to remove

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[Joe Biden](#) is planning on increasing taxes levied on small businesses - despite explicitly promising on the campaign trail not to do so.

The [White House](#) proposal - backed by the president himself - will begin winding its way through Congress next week.

Last week the [Senate](#) passed a \$3.5 trillion budget resolution that would pave the way for legislation based on Biden's plans, and the Democrat-majority House is expected to vote on the budget resolution next week, meaning it will almost certainly pass.

The scheme will see the top marginal tax rate rise from 37 per cent to 39.6 per cent. A marginal tax rate is the additional amount of tax paid on every dollar of income above a previous tax bracket.



Joe Biden, seen on Friday, promised on the campaign trail not to raise taxes on small businesses - yet his new plan will see a rise for 1.9 million

The think tank Americans For Tax Reform [calculated](#) that 1.9 million small businesses will be affected.

Most are small business owners who run their enterprises as C-corporations. They are entities which sit separately from their owners finances, and shield their owners from any personal liability should their businesses fail.

Biden wants C-corps to be hit by a seven per cent federal tax jump, from the current rate of 21 per cent to 28 per cent.

Biden was directly asked on the campaign trail, in his February 20, 2020, debate with Donald Trump, whether taxes would rise on small businesses.

MSNBC's Hallie Jackson said: 'I want to ask you about Latinos owning one out of every four new small businesses in the United States. Many of them have benefited from President Trump's tax cuts, and they may be hesitant about new taxes or regulations. Will taxes on their small businesses go up under your administration?'

Biden replied: 'No. Taxes on small businesses won't go up.'



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Small businesses, pictured in San Francisco in April, have suffered immensely during the pandemic. Now many of them are facing an increase in their tax burden

On Thursday the administration defended the u-turn, insisting the tax hike was necessary.

'President Biden's small-business agenda is about more than just helping businesses make it to the other side of this crisis,' said Wally Adeyemo, deputy Treasury Secretary.

'It is about building back better and creating a fair economy for all Americans.'

The administration also said that 3.9 million small-business owners would receive tax cuts under Biden's proposals to extend the expansions of the child tax credit and Affordable Care Act subsidies that were included in the president's coronavirus relief law.



Biden is pictured with House Speaker Nancy Pelosi on June 30. Pelosi next week will begin shepherding the budget reconciliation plan through the House, which will pave the way for the tax hikes

Americans for Tax Reform also pointed out that small business owners would be hit by a plan to eliminate so-called 'step-up in basis' rule for inheritance tax.

Under the current arrangement, people who inherit from their relatives can sell the asset without paying capital gains tax.

Biden plans to get rid of the deal.

Robert W. Wood, a tax lawyer, wrote in [Forbes](#): 'Under current tax law, assets that pass directly to your heirs get a step-up in basis for income tax purposes.

'It doesn't matter if you pay estate tax when you die or not.

'For generations, assets held at death get a stepped-up basis - to market value - when you die.

'Small businesses count on this.'