

Thursday April 15, 2010

The Tax Man Cometh: I am sure most of you loyal readers of this missive do not need a reminder, but today is April 15, and you know what that means...its Tax Day. If you think your taxes are bad now...you need to take a look at the lists below.

Tax Increases Enacted since January 2009

This list, totaling more than \$670 billion in tax increases includes the Health Care Bill, SCHIP, the Stimulus Package, and several other pieces of legislation which have been signed into law by President Obama.

LEGISLATION	TAX INCREASES ENACTED	AMOUNT IN BILLION 10 YEARS
<u>Health Care Bill</u> Public Law 111-148 Public Law 111-152	<ul style="list-style-type: none"> ➤ New tax on individuals who do not purchase government-approved health insurance - Takes effect in 2012 ➤ New tax on employers who fail to fully comply with government health insurance mandates - Takes effect in 2014 ➤ New 40% excise tax on certain high-cost health plans - Takes effect in 2018 ➤ New ban on the purchase of over-the-counter drugs using funds from Flexible Spending Accounts (FSA), Health Savings Accounts (HSA) and Health Reimbursement Accounts (HRA) – Takes effect in 2011 ➤ Increase the Medicare tax on wages and self-employment income by 0.9% and impose a new 3.8% surtax on certain investment income (for individuals over \$200,000 and couples over \$250,000) – Takes effect in 2012 ➤ Increase, from 7.5% to 10% of income, the threshold after which individuals can deduct out of pocket medical expenses – Takes effect in 2013 ➤ Impose a new \$2,500 annual cap on FSA contributions – Takes effect in 2013 ➤ New annual tax on health insurance – Takes effect in 2014 ➤ New annual tax on brand name pharmaceuticals - Takes effect in 2011 ➤ New 2.3% excise tax on certain medical devices – Takes effect in 2013 ➤ New 10% tax on indoor Ultra-Violet tanning services – Takes effect in 2010 ➤ New tax on insured and self-insured health plans – Takes effect in 2013 ➤ Double the penalty for non-qualified HSA distributions – Takes effect in 2013 ➤ Eliminate the deduction for expenses allocable to Medicare Part D subsidy – Takes effect in 2013 ➤ Limit the deduction for compensation to officers, employees and directors of certain health insurance providers – Takes effect in 2013 ➤ Require information reporting on payments to corporations – Takes effect in 2012 ➤ Impose additional requirements for section 501(c)(3) hospitals – Takes effect in 2010 ➤ Make “black liquor” ineligible for cellulosic biofuel producer credit – Takes effect in 2011 ➤ Codify economic substance doctrine and impose penalties for underpayments – Takes effect in 2010 ➤ Other revenue effects 	\$17.0 \$52.0 \$32.0 \$5.0 \$210.2 \$15.2 \$13.0 \$60.1 \$27.0 \$20.0 \$2.7 \$2.6 \$1.4 \$4.5 \$0.6 \$17.1 \$0.4 \$23.6 \$4.5 \$60.3
<u>SCHIP</u> Public Law 111-3	<ul style="list-style-type: none"> ➤ Tobacco tax increase and expanded enforcement authority – Took effect in 2009 	\$65.515
<u>“Stimulus”</u> Public Law 111-5	<ul style="list-style-type: none"> ➤ Repeal guidance allowing certain taxpayers to claim losses of an acquired corporation – Took effect in 2009 	\$6.977
<u>Unemployment Benefits, Net Operating Loss Relief & Homebuyer Credit</u> Public Law 111-92	<ul style="list-style-type: none"> ➤ Federal Unemployment surtaxes extended through June 2011 ➤ Delay of rules to reduce the double taxation of worldwide American employers until 2018 (worldwide interest allocation) 	\$2.578 \$20.123
<u>HIRE Act</u> Public Law 111-147	<ul style="list-style-type: none"> ➤ Delay of rules to reduce the double taxation of worldwide American employers until 2021 (worldwide interest allocation) 	\$5.948

~~Public Law 111-147, H.R. 4980, the HIRE Act, is a good example of the type of legislation that the Obama administration is pushing through Congress. It is a good example of the type of legislation that the Obama administration is pushing through Congress. It is a good example of the type of legislation that the Obama administration is pushing through Congress.~~

Member of Congress

