



## **Biden planning to hike capital gains tax rate on wealthy individuals: Report**

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Rumblings about a rate as high as 43.4% sent stocks lower on Thursday

Rep. Kevin Brady, R-Texas, on how the Democrats raising taxes will lead to companies moving out of the U.S. He also discusses the decision to not seek reelection.

President Biden is expected to lay out another spending plan next week, which may include a sizable hike in the capital gains tax rate for the wealthy.

The White House is considering raising the capital gains tax rate to 39.6% on people earning \$1 million and over, people familiar with the matter told Bloomberg on Monday. Including the tax on investment income, wealthy individuals could see their federal rates reach as high as 43.4%, the publication noted.

Biden had previously proposed taxing capital gains at the same rate as ordinary income – it is not clear whether he will also introduce an income tax increase on the wealthiest households.

Currently, short-term capital gains are taxed at the same rates as income, but long-term gains are taxed at lower rates.

White House press secretary Jen Psaki declined to give any details about the tax provisions of the forthcoming plans when asked by reporters on Thursday. She did reiterate, however, that the president will not raise rates on anyone earning less than \$400,000.

"His view is that [paying for the proposals] should be on the backs – that can be on the backs of the wealthiest Americans who can afford it," Psaki said. "And corporations and businesses who can afford it. And his view and the view of our economic team is that that won't have a negative impact. There are alternative views or there are proposals that don't exist yet on how to pay for it."

She said the president will outline his plan next week, and it will focus on items like education and childcare.

The White House declined FOX Business' request for additional details. The Treasury Department also declined to comment.

Rumblings of a sizable capital gains tax hike, however, sent stocks into the red during Thursday's trading session.

Chris Edwards, director of tax policy at the libertarian think tank, The Cato Institute, and editor of [www.DownsizingGovernment.org](http://www.DownsizingGovernment.org), previously [told FOX Business](#) that he is concerned about the effects of increasing the capital gains tax on the flow of risk capital to technology companies.

"Capital gains are the reward for risky tech investments that take years to pay off, so when capital gains tax rates rise, investors move their funds to safer investments such as tax-free municipal bonds," Edwards told FOX Business. "Biden's proposed doubling of the top capital gains tax rate from 20% to 40% would undermine investment in small businesses with cutting-edge technology."