



## Huge Tax Hike From Biden Has Wealthy Americans Upset

### Description

The ultra-rich in America are worried about the Biden Tax Plan. Trillions in new taxes will affect the wealthiest in the United States. The Biden administration will raise the top income and capital gains tax rates, and the richest [1% of taxpayers](#) will carry the burden.

According to the White House, the top income tax rate will increase to 39.6%. Garrett Watson, a senior policy analyst at the Tax Foundation, said households with more than around \$540,000 in income fall among the wealthiest 1% of American taxpayers. The new tax revenues are for the American Families Plan. It will fund expanded education, child care, paid leave, and other reforms.

### No comprehensive tax reform

Canada's deputy prime minister and finance minister Chrystia Freeland presented the 2021 federal budget. The forecast is a \$354.2 billion budget deficit for 2020-21 and \$154.7 billion for 2021-22. Some analysts observe the focus is more on Canada's post-pandemic economic recovery.

Likewise, there are no changes to the federal personal or corporate tax rates. The federal government has extended programs such as the Canada Emergency Wage Subsidy (CEWS), Canada Emergency Rent Subsidy (CERS), and the Lockdown Support until September 25, 2021. It will also introduce a new Canada Recovery Hiring Program.

Notably, the budget did not introduce a wealth tax nor increase the capital gains inclusion rate or change the principal residence exemption. In short, the Ministry of Finance did not announce a comprehensive tax reform.

### Canada Recovery Hiring Program

Regarding the new Canada Recovery Hiring Program, eligible employers will receive a subsidy of up to 50% on the incremental remuneration paid to eligible employees. The program will run from June 6, 2021, and November 20, 2021.

However, eligible employers can claim only one for a particular qualifying period — either CEWS or the hiring subsidy. While CEWS, CERS, and the Lockdown Support have extensions, the subsidy rates on these programs will decline gradually starting on July 4, 2021.

Also, publicly listed companies receiving the wage subsidy must not pay their top executives more in 2021 than in 2019. Otherwise, they need to repay the equivalent wage subsidy amounts received after June 5, 2021, and until the end of the wage subsidy program.

## High-yield, mid-tier gold stock

The S&P/TSX Composite Index lost more than 30% of its value in the early months of the global pandemic. Nonetheless, Canada's primary stock market recovered the losses and managed to eke out a 2.2% gain for 2020. As of month-end April 2021, the TSX remains in positive territory with its 9.6% gain.

Canadians can [build more financial buffer this year](#) from high-yield stocks like **Aura Minerals** ([TSX:ORA](#)). The share price of this \$973.42 million gold and copper producer is only \$13.76 and pays a juicy 7.14%. On April 6, 2021, the company paid a total of US\$60 million to shareholders on record.

Rodrigo Barbosa, Aura's president & CEO, said the company ended 2020 finished with US\$118 million in cash and US\$48 million in negative net debt. Management expects gold equivalent ounce production to increase by 42% in 2021. If you want exposure to the world's most precious metal, Aura is an attractive option.

## Wealth tax

The doubling of the capital gains tax rate upsets wealthy Americans. Meanwhile, people across the border in Canada don't have to worry about a wealth tax in 2021.

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