TAX ALERT

Trump's Tax Plan as of November 11, 2016

As of Nov. 10, 2016, President-elect Trump's Tax Plan website lists the following proposals:

For individual taxpayers:

- Tax rates and breakpoints for Married-Joint filers would be:

  - Less than $75,000: 12%
  - More than $75,000 but less than $225,000: 25%
  - More than $225,000: 33%;

- Brackets for single filers would be ½ of these amounts;
- "Low-income Americans [would] have an effective income tax rate of 0";
- The existing capital gains rate structure (maximum rate of 20%) would be maintained, with tax brackets shown above;
- Carried interest would be taxed as ordinary income;
- The Affordable Care Act would be repealed; as part of this repeal, the 3.8% tax on investment income would be repealed;
- The alternative minimum tax (AMT) would be repealed;
- The standard deduction for joint filers would increase to $30,000, and the standard deduction for single filers would be $15,000;
- Personal exemptions would be eliminated;
- Head-of-household filing status would be eliminated;
- Itemized deductions would be capped at $200,000 for Married-Joint filers and $100,000 for Single filers;
- The estate tax would be repealed, but capital gains on property held until death and valued over $10 million would be subject to tax, with an exemption for small businesses and family farms. To prevent abuse, contributions of appreciated assets into a private charity established by the decedent or the decedent's relatives would be disallowed. The Trump website makes no mention of the gift tax; and
- There would be the following child care and elder care rule:

  - An above-the-line deduction for children under age 13, that would be capped at state average for age of child, and for eldercare for a dependent. The exclusion would not be available to taxpayers with total income over $500,000 for Married-Joint or $250,000 for Single.

Trump's Tax Plan as of November 11, 2016 (continued)

For business taxpayers:

- The business tax rate would decrease from 35% to 15%;
- The corporate AMT would be eliminated;
- There would be a deemed repatriation of corporate profits held offshore at a one-time tax rate of 10%;
- "Most corporate tax expenditures," except for the research and development credit, would be eliminated;
- Firms engaged in manufacturing in the U.S. could elect to expense capital investment and lose the deductibility of corporate interest expense. An election once made could only be revoked within the first three years of election; and
- The annual cap for the business tax credit for on-site childcare would be increased to $500,000 per year (up from $150,000), and the recapture period would be reduced to five years (down from ten years).

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