

## DONALD TRUMP'S TAX PLAN

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Now that the election is over and we know who will be our next president, let's take a look at Donald Trump's proposed tax plan. You can see more details on his tax plan at [www.donaldjtrump.com/policies/tax-plan](http://www.donaldjtrump.com/policies/tax-plan).

### Individual Income Tax

- **Tax rates**  
The Trump Plan will collapse the current seven tax brackets to three brackets. The rates and breakpoints are as shown below. Low-income Americans will have an effective income tax rate of 0. The tax brackets are similar to those in the House GOP tax blueprint.
- **Brackets & Rates** for Married-Joint filers:  
Less than \$75,000: **12%**  
More than \$75,000 but less than \$225,000: **25%**  
More than \$225,000: **33%**  
*\*Brackets for single filers are ½ of these amounts*
- The Trump Plan will retain the existing capital gains rate structure (maximum rate of 20 percent) with tax brackets shown above. Carried interest will be taxed as ordinary income.
- The 3.8 percent Obamacare tax on investment income will be repealed, as will the alternative minimum tax.
- **Deductions**  
The Trump Plan will increase the standard deduction for joint filers to \$30,000, from \$12,600, and the standard deduction for single filers will be \$15,000. The personal exemptions will be eliminated as will the head-of-household filing status.

In addition, the Trump Plan will cap itemized deductions at \$200,000 for Married-Joint filers or \$100,000 for Single filers.

- **Death Tax**

The Trump Plan will repeal the death tax, but capital gains held until death and valued over \$10 million will be subject to tax to exempt 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 will be disallowed.

### **Business Tax**

- The Trump Plan will lower the business tax rate from 35 percent to 15 percent, and eliminate the corporate alternative minimum tax. This rate is available to all businesses, both small and large, that want to retain the profits within the business.
- It will provide a deemed repatriation of corporate profits held offshore at a one-time tax rate of 10 percent.
- Firms engaged in manufacturing in the US may elect to expense capital investment and lose the deductibility of corporate interest expense. An election once made can only be revoked within the first 3 years of election; if revoked, returns for prior years would need to be amended to show revised status. After 3 years, election is irrevocable.



A number of news outlets believe there will be a significant tax law change in 2017. Will it look like The Trump Plan described above? Stay tuned.

If you have questions about this or any other business or tax issue, please contact your Account Manager or [Jim Gentry, CPA](mailto:jgentry@connerash.com), at (314) 205-2510 or via email at [jgentry@connerash.com](mailto:jgentry@connerash.com).