

TAX CHANGES COMING?

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Possible changes to the U.S. tax regime are certainly a hot topic but who knows what changes we will actually see in the near future. The stated goal of the Trump Administration is to improve incentives to promote jobs such that individuals may work, save and invest. Below are some of the proposed tax changes that have been in the news lately:

Businesses

1. Cut the corporate tax rate from 35% to 15-20%.
2. Tax repatriated dividends; cash coming back to the U.S. in the form of dividends from foreign subsidiaries to U.S. owned companies, at zero or minimal tax rates.
3. Implement a "border adjustment" tax. This would be roughly based on the corporate tax rate multiplied by imports less exports.
4. Expenses all formerly capitalized spending of depreciable items or take an interest deduction, but not both.
5. Eliminate most credits and the domestic production activities deduction, but not the research and development credit.
6. Tax "carried interest" (income flowing to the general partner of a private investment fund) at ordinary rather than capital gain rates.

Individuals

1. Reduce the number of tax brackets for individual taxpayers.
2. Remove the Affordable Care Act and the net investment tax which helped fund it.
3. Eliminate the alternative minimum tax (AMT).
4. Increase the standard deduction and cap itemized deductions.
5. Eliminate estate and gift taxes.
6. Eliminate step-up in the tax basis of assets held by a decedent at the time of death.



If you have questions related to the proposed tax law changes and how your business or personal situation may be affected, please contact your Account Manager or [Helen Floros, CPA](mailto:hfloros@connerash.com), at (314) 205-2510 or via email at hfloros@connerash.com.