

TAX ALERT

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Significant Tax Changes Anticipated with a Trump Presidency & Republican House

In the wake of the election results, veteran Washington analysts are suggesting that major tax changes for individuals and businesses may be more likely than not in 2017 or 2018.

What key points do I need to know?

- **Anticipated lower individual income tax rates.** Both president-elect Donald Trump and House Republicans now are proposing plans that would lower the top marginal individual tax rates from 39.6% to 33%. Each of their plans would also impose limits on income tax deductions. President-elect Trump's plan would cap the value of all itemized deductions claimed in any given year at \$100,000 for single filers and \$200,000 for married couples filing jointly. The House Republican plan would eliminate all itemized deductions other than charitable contributions and mortgage interest.
- **Anticipated elimination of AMT and investment income tax.** Both president-elect Donald Trump and House Republicans plans would eliminate the 3.8% surtax on net investment income and eliminate the alternative minimum tax (AMT).
- **Anticipated elimination of estate tax.** House Speaker Paul Ryan's plan would eliminate all estate taxes. Mr. Trump's plan would eliminate these levies, but his plan would additionally impose income taxes on the capital gains of assets held at death – beyond an exemption of \$5 million per person or \$10 million per couple.
- **Anticipated lower corporate tax rates.** President-elect Donald Trump has proposed to lower the U.S. corporate tax rate from 35% to 15% and repeal corporate alternative minimum tax. U.S.-based manufacturers would be allowed to elect full expensing of plant and equipment (with no deduction for interest expense). He has also proposed a one-time 10% repatriation tax on overseas profits of U.S.-based companies.

What do I need to do?

In view of these potential tax policy changes, there are certain tax planning moves you may wish to consider between now and the end of the year. We recommend that you consult with your tax advisor as soon as possible for a fuller understanding of how these changes will impact your particular tax situation.