

# Change is Coming: A Look at Trump and Republican Tax Proposals

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Tax reform is coming, and you better be ready.

Regardless of how you voted in November, the United States will have a new president Friday and the Republican Party will be in control of both houses of Congress. President-elect Trump and the Republican Party both have indicated tax reform will be a major priority in the coming session of Congress and even within the first 100 days of the administration.

These are some of the tax proposals from Trump and House Republicans that we know about so far. In addition to the proposals below, the House Republicans plan an overhaul of the Internal Revenue Service itself by dividing it into three major units - families and individuals, business and an independent small claims court - without any other details such as what will happen to the IRS collection units, chief counsel, and Tax Court. There is significant agreement between Trump and Republicans on key issues in their respective proposals, however there is still significant work to be done to iron out the specifics. Stay tuned!

## **TRUMP PROPOSALS**

### **Individual income tax rates, tax rates for married-joint filers:**

12 percent (Not over \$75,000 total income)

25 percent (Over \$75,000 but not over \$225,000 total income)

33 percent (Over \$225,000 total income)

**Standard deductions:** \$30,000 for married filing jointly, \$15,000 for single taxpayers

**Child care expenses:** Above-the-line deduction for childcare expenses for children under age 13 but capped at the state average for the age of the child. Deny deduction for married filing jointly taxpayer with total income over \$500,000 (\$250,000 for single taxpayers).

**Capital gain tax:** Maximum rate of 20 percent

**Corporate tax rates:** 15 percent flat rate on income for profits retained within the business

**Repealed taxes:**

Estate tax, however capital gains on property held until death and valued over \$10 million would be subject to tax with exemptions for small businesses and family farms

Affordable Care Act associated taxes

Alternative minimum tax for individuals and businesses

**HOUSE REPUBLICANS' PROPOSAL****Their "A Better Way" tax plan:**

**Individual income tax rates:** Same as the Trump plan but no mention of tax brackets yet

**Standard deductions:**

\$24,000 for married filing jointly;

\$18,000 for single individuals with a child in the household

\$12,000 for other individuals

**Child care expenses:** \$1,500 credit (consolidates child credit and personal exemption for dependents); first \$1,000 refundable as under current law. Phase-out of credit to begin at \$150,000 for married filing jointly.

**Corporate Tax Rate:** 20 percent flat rate

**Repealed taxes include:**

Estate tax

Affordable Care Act associated taxes

Alternative minimum tax for individuals and businesses

If you have any questions about how the potential tax plans could affect you, your family or your business, don't hesitate to [reach out to me](#) to discuss possible implications.