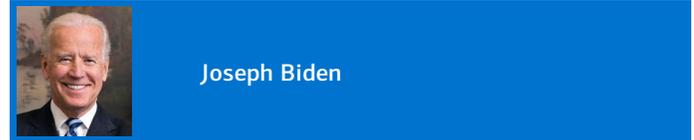


2020 Election: Candidates' Tax Positions

Prepared by National Wealth Strategies, Chief Investment Office

As of July 15, 2020



	Donald J. Trump and current 2020 tax status	Joseph Biden
Income	<p>Current law: Seven brackets with a top rate of 37%. Long term capital gains rate of 20% for singles with taxable income over \$441,450 (couples \$496,600); 37% if asset held one year or less. 3.8% surtax on net investment income if "modified" AGI above \$200,000 (couples \$250,000). Most miscellaneous itemized deductions are suspended through 2025. Personal exemptions are eliminated through 2025 and an enhanced standard deduction is put in place.</p> <p>Trump: Informally supports a "Tax Cut 2.0" plan that would reduce middle class tax rates and make the 2017 tax changes (the Tax Cuts and Jobs Act) permanent for individual taxpayers. Currently individual tax rates and changes expire at the end of 2025.</p>	<p>Raise top individual tax rate from 37% to 39.6%, generally for those making over \$400,000.</p> <p>Increase top long term capital gain and qualified dividend tax rate to 43.4% (ordinary income tax rate plus Obamacare surtax) for income above \$1 million.</p> <p>Cap the tax benefit of itemized deductions at 28% for taxpayers with rates higher than 28%. Restore PEASE limitation on itemized deductions (which phases out itemized deductions) for taxpayers with income over \$400,000.</p> <p>Other: phase out qualified business income deduction for taxpayers with income over \$400,000; expand earned income tax credits; \$8,000 tax credit for childcare; equalize tax benefits for defined contribution retirement plans; close real estate tax loopholes, without specifics.¹</p>
Estate	<p>Current law: \$11,580,000 gift/estate and generation-skipping exemption and tax rate of 40%. Estate-included assets generally receive a step-up in basis to date of death values. In 2026 and after, exemptions return to \$5 million, adjusted for inflation (estimated to be approximately \$6.5 million in 2026).</p>	<p>Eliminate step-up in basis on estate-included assets (currently most assets included in a decedent's estate are stepped-up to date of death values). Currently unclear if such a change would result in (i) a capital gains tax imposed at death or (ii) require the beneficiaries to take the decedent's tax basis for inherited assets.¹</p>
Social Security	<p>Current law: 6.2% (employee's share) up to maximum wage base (\$137,700); employer pays a similar share. 1.45% Medicare tax full wage base (no cap) and a surtax of 0.9% on wages above \$200,000 (couples \$250,000).</p>	<p>12.4% social security payroll tax on wage income over \$400,000 (currently capped at \$137,700). Tax would be split between employer and employee. Would result in no social security payroll taxes on income between \$137,700 and \$400,000. No proposed changes to Medicare taxes.</p>
Corporate	<p>Current law: Top rate of 21% on domestic income. 10.5% minimum tax on global intangible low-tax income (GILTI). No corporate alternative minimum tax.</p>	<p>Repeal 2017 corporate tax rate (21%) and raise corporate tax rate to 28%.¹ Impose 15% minimum corporate tax (a so-called minimum book tax) for companies reporting a net income over \$100 million.</p> <p>Impose a 21% GILTI (global intangible low-tax income) rate on foreign profits (up from current 10.5% rate).</p>
Source/ Notes	<p>Tax Cuts and Jobs Act of 2017; Internal Revenue Code.</p>	<p>Tax Notes, May 6, 2019; The Hill, July 15, 2019; Scranton, PA speech (Oct. 23, 2019); Bloomberg Tax (Dec. 4, 2019); The Center for Retirement Research at Boston College (Feb. 17, 2020); Tax Foundation, April 29, 2020). Biden's tax plan is estimated to raise an additional \$3.8 trillion over next decade (source: Tax Foundation, April 29, 2020)</p>

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Endnotes

¹ The Biden-Sanders Unity Task Force made several tax recommendations in a report issued July 8, 2020. The task force represents the campaigns of presumptive Democratic presidential nominee Joe Biden and Senator Bernie Sanders and generally calls for higher taxes on the wealthy, but stops short of more radical tax reforms such as a wealth tax. Included among the recommendations are (1) expanding the child care and dependent tax credits to provide a fully refundable, advanceable tax credit, (2) limiting the ability of wealthy taxpayers to defer and avoid taxes on income (especially that relate to financial investments), (3) forgiving all undergraduate tuition-related federal student debt from two- and four-year public colleges and universities for debt-holders earning up to \$125,000, with appropriate phase-outs to avoid a cliff, (4) ensuring student debt loan cancellation will not result in taxable income, (5) increasing Obamacare tax subsidies to ensure greater affordability through lower premiums and cost-sharing linked to gold plans, (6) raising estate taxes back to the historical norms (presumably a rate of up to 55% and a drop in the exemption to \$3.5 million), (7) taxing ultra-large banks to promote financial stability and fund investments in American productivity, and (8) eliminating tax breaks for prescription drug advertisements.

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Joseph Biden photo attribution: David Lienemann

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