

Tax Plans for Presidential Candidates*

The upcoming election features clear distinctions between the two major parties and their presidential candidates, especially in the area of tax proposals. Since the president's plan must be passed by Congress, it is difficult to say how many details would ultimately become law. It is worth understanding the candidates' tax proposals, however, since they may significantly impact you someday.

Tax Plan	Current	Clinton	Trump
Individual:			
Tax brackets	7 tax brackets	Same	3 tax brackets
Tax rates	0% - 39.6%	Same	12%, 25%, 33%
Highest income taxpayers	39.6%, plus 3.8% "Medicare tax"	5% avg tax increase Buffet Rule 30% min tax rate; 4% surtax	12% avg tax decrease Eliminate 3.8% Medicare tax
Middle income	25% tax rate	Same	Same
Lowest income	0% - 10% tax rate	Same	0% - 12% tax rate
Standard deduction	\$6,300 Single (S) [†]	Same	\$15,000 (S) [†]
Itemized deductions	Phaseout \$259,400 (S) [†]	28% value limit	\$100,000 cap
Capital gains tax	Long-term - hold 1 year 0%, 15%, 20% +3.8%	Hold 2 to 6 years Reduce ordinary rate by about 4% each year	Eliminate 3.8% Medicare tax
Business:			
Tax Rates	0% - 35%	Same	15% (includes pass-through entities and the self-employed)
Estate:			
Taxable	Over \$5.45 million (S) [†]	Over \$3.5 million (S) [†]	Eliminate
Top tax rate	40%	45%; tax accumulated gains, after exemption	>\$10 million capital gains subject to tax
Gifts:			
	Same as estate	\$1 million limit	Eliminate
Other:			
Affordable Care Act	Insurance Exchanges "Marketplace"	Cost limit - 8.5% of income \$5,000 max credit	Repeal ACA deductible premiums
AMT (Alt Min Tax)	26% rate (S) [†]	Same	Eliminate
Child care deduction	Child and dependent \$600 max (limit 2)	No mention	State average cost cap Limit 4 children Max \$250,000 income Rebate to low income
Education credit	\$2,500 per student	Loan-free for all	No mention
Eldercare credit	Above, if dependent	\$1,200 limit	\$5,000 exclusion
Like-kind exchanges	Defer all tax	Limited tax benefits	No mention
Minimum wage	\$7.25/hour	\$15/hour	No mention
Retirement accounts maximum limit	None	Defined benefit plans maximum annuity amt \$3.4M, age 62 in 2015	No mention
Social Security cap	\$118,500	Increase	No mention

For more information on taxes and personal financial planning talk to your CPA or visit www.picpa.org/moneyandlife.

* Proposals as of 10-13-2016

† For single filing status

