

# U.S. PRESIDENTIAL CANDIDATE TAX POLICIES COMPARISON

	<b>CURRENT TAX LAW (TCJA-PRESENT)</b>	<b>BIDEN'S STATED GOALS</b>	<b>TRUMP'S STATED GOALS</b>
<b>Corporate tax rates and AMT</b>	Corporations have a flat 21% tax rate and no corporate alternative minimum tax (AMT), which were both changed by the TCJA.  These do not expire.	Biden would raise the flat rate to the pre-TCJA level of 28% and reinstate the corporate AMT on profits of \$100 million or more.	Trump has not announced changes and has no plans to reinstate a corporate AMT.
<b>Capital gains and dividends</b>	The top tax rate is 20% for income over \$441,450 for individuals and \$496,600 for married filing jointly. There is an additional 3.8% net investment income tax.	Biden would eliminate breaks for long-term capital gains and dividends for income above \$1 million. Instead, these would be taxed at ordinary rates.	Trump would reduce the long-term capital gains tax rate to 15% from 20%, index capital gains for inflation and create a capital gains tax holiday that would eliminate capital gains taxes for a period of time TBD.
<b>Payroll taxes</b>	The 12.4% payroll tax is divided evenly between employers and employees and applies to the first \$137,700 of an individual's income.	Biden would maintain the 12.4% tax split between employers and employees and keep the \$137,700 cap but would institute the tax on earned income above \$400,000. The gap between the two wage levels would gradually close with annual inflationary increases.	Trump issued an executive order to temporarily postpone social security tax for employees from Sept. 1 through Dec. 31, 2020.  He has indicated he would make this temporary reprieve permanent.
<b>International taxes (GILTI, offshoring)</b>	GILTI (global intangible low-tax income): Established by the TCJA, U.S. multinationals are required to pay a foreign tax rate of between 10.5% and 13.125%.  A scheduled increase in the effective rate to 16.406% is scheduled to begin in 2026.  Offshoring taxes: The TCJA includes a tax deduction for corporations that manufacture in the U.S. and sell overseas.	GILTI: Biden would double the tax rate to 21% and assess a minimum tax on a country-by-country basis.  Offshoring taxes: Biden would establish a 10% penalty surtax on profits for goods and Services manufactured offshore and a 10% advanceable "Made in America" tax credit to create U.S. manufacturing jobs. Biden would also close offshoring tax loopholes in the TCJA.	Trump has proposed but not provided details for a "Made in America" tax credit as well as tax credits for onshoring jobs.

\*Source: Todd Simmens, National Partner of Tax Risk Management, BDO Alliance

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<b>Estate taxes</b>	<p>The estate tax exemption for 2020 is \$11,580,000. Transfers of appreciated property at death get a step-up in basis.</p> <p>The exemption is scheduled to revert to pre-TCJA levels, or \$5,800,000, in 2025.</p>	<p>Biden would maintain the 2025 reversion and eliminate the current step-up in basis on inherited assets.</p>	<p>Trump would push to extend the exemption and would not change the transfer of appreciated property step-up in basis.</p>
<b>Individual tax rates</b>	<p>The top marginal rate is 37% for income over \$518,400 for individuals and \$622,050 for married filing jointly. This was lowered from 39.6% pre-TCJA.</p>	<p>Biden would restore the 39.6% rate for taxable income above \$400,000. This represents only the top rate.</p>	<p>Trump would keep the current status quo of 37%. In addition, he would enact a 10% rate cut for middle-class taxpayers, which would lower the 22% rate to 15%.</p> <p>For 2020, the 22% rate applies to income over \$40,125 for individuals and \$80,250 for married filing jointly.</p>
<b>Individual tax credits</b>	<p>Currently, individuals can claim a maximum of \$2,000 Child Tax Credit (CTC) plus a \$500 dependent credit. Individuals may claim a maximum dependent care credit of \$600 (\$1,200 for two or more children).</p> <p>The CTC is scheduled to revert to pre-TCJA levels (\$1,000) after 2025.</p>	<p>Biden would expand the CTC to \$3,000 for children age 17 and under and offer a \$600 bonus for children age 6 and under. It would also be fully refundable.</p> <p>He has also proposed increasing the child and dependent care tax credit to \$8,000 (\$16,000 for two or more children), and he has proposed a new tax credit of up to \$5,000 for informal caregivers.</p> <p>Separately, Biden has also proposed a \$15,000 tax credit for first-time homebuyers.</p>	<p>Trump would extend the \$2,000 CTC past 2025; however, he would also require social security numbers to be eligible to take any of these credits.</p> <p>Trump has not commented on a tax credit for first-time homebuyers.</p>

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<b>Education</b>	Forgiven student loan debt is included in taxable income. There is no tax credit for contributions to state-authorized organizations that sponsor scholarships.	Biden would exclude forgiven student loan debt from taxable income.	Trump would provide a tax credit for individual and corporate donations to state-authorized organizations that sponsor scholarships.
<b>Small businesses</b>	There are current tax credits for some of the costs to start a retirement plan.	Biden would offer tax credits for businesses that adopt a retirement savings plan and offer most workers without a pension or 401(k) access to an "automatic 401(k)"	Trump has not proposed a retirement savings plan tax credit.
<b>Itemized deductions</b>	<p>For 2020, the standard deduction is \$12,400 for single/married filing separately and \$24,800 for married filing jointly.</p> <p>After 2025, the standard deduction is scheduled to revert to pre-TCJA amounts, or \$6,350 for single /married filing separately and \$12,700 for married filing jointly.</p> <p>The TCJA suspended the personal exemption and most individual deductions through 2025.</p> <p>It also capped the SALT deduction at \$10,000, which will remain in place until 2025, unless repealed.</p>	<p>Biden would enact a provision that would cap the tax benefit of itemized deductions at 28%.</p> <p>SALT cap: Senate minority leader Charles Schumer has pledged to repeal the cap should Biden win in November (the House of Representatives has already passed legislation to repeal to the SALT cap).</p>	<p>Trump would extend the TCJA standard deductions beyond 2025 and make them permanent.</p> <p>While Trump in 2019 said he might consider changing the SALT cap, it has not been a subject of recent focus.</p>

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<b>Opportunity Zones</b>	See BDO's <a href="#">Opportunity Zones landing page</a> for insights	Biden has proposed incentivizing OZ funds to partner with community organizations and have the Treasury Department review the program's regulations of the tax incentives. He would also increase reporting and public disclosure requirements.	Trump has said he will expand opportunity zones (unspecified).
<b>Alternative energy</b>	Visit BDO's <a href="#">Alternative Energy landing page</a> for insights	Biden would expand renewable energy tax credits and credits for residential energy efficiency, and restore the Energy Investment Tax Credit (ITC) and the Electric Vehicle Tax Credit.	Trump would accelerate depreciation for renewable energy property as well as offer various investment tax credits (unspecified).

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