

>> 2020 PRESIDENTIAL ELECTION

# Tax Policies by Candidate

## Tax Cuts and Jobs Act (TCJA) and Affordable Care Act (ACA)

	Current Situation	Trump	Biden
<b>Tax Cuts and Jobs Act</b>	The fate of the TCJA is one of the most pressing policies to be considered in the upcoming election. The act, passed in 2017 by President Trump, lowered taxes for many businesses, individuals, estates and trusts.	Maintains the TCJA's tax cuts were required for economic growth and should stay, let alone be expanded upon. However, has not yet indicated his position on specific corporate revenue-raising provisions outlined in the TCJA slated to take effect within the next few years. Some of these include further limitations on business interest deductions, changes to the treatment of R&D expenses and a phasing out of bonus depreciation – all of which begin in 2022.	Argues the benefits of the TCJA are tipped toward large corporations and wealthy individuals, therefore he proposes tax policies to balance the scale. He is campaigning to change the federal income tax system so affluent individuals and corporations pay their "fair share", proposing the increase of top income tax rates. Under this strategy, revenue from these proposed TCJA changes will account for an estimated \$4 trillion over the next decade. The revenue would be used for tax relief measures for low to middle-income taxpayers, as well as to improve infrastructure, bolster the U.S. manufacturing sector and create alternative forms of energy.
<b>Affordable Care Act</b>	Ever since the ACA was passed, taxes and health care have become more interwoven; the act created numerous new taxes and fees. The TCJA repealed the ACA's individual mandate.	Supports repealing the ACA.	Proposes to strengthen the ACA by removing the 400% income cap on tax credit eligibility and lowering the limit on the cost of coverage from 9.86% of income to 8.5%. He has also proposed expanding tax credits for families to increase coverage and lower the cost of premiums. Would like to impose a tax penalty on drug manufactures that increase costs over inflation rate and terminate pharmaceutical corporations tax deduction for advertising spending.

## Individuals

	Current Situation	Trump	Biden
<b>Income Tax Rates</b>	There are seven tax brackets that apply from 2018 through 2025 under the TCJA.	Considering a 10% middle-class tax cut and making the TCJA rates permanent past 2025.	Requesting an increase in the top rate back to 39.6%, where it was prior to the enactment of the TCJA.
<b>Capital Gains and Investments</b>	Today there is a capital gains rate of 0%, 15% or 20% applied to capital gains and qualified dividends received by individuals based on their taxable income.	Proposes cutting capital gains rate by 15% with a consideration to indexing to inflation.	Proposes to increase the top marginal income tax rate on long-term capital gains to 39.6% for Americans earning more than \$1 million per year, as well as eliminate the step-up basis tax expenditure allowing decedents to pass on capital gains to their heirs tax-free. Additionally he is looking at reforming opportunity zones for more transparency and oversight.
<b>Wealth Tax</b>	Currently, there is no tax on accumulation of wealth. The IRS is required to assess net worth of the wealthiest Americans to calculate estate tax liability.	Does not support wealth tax.	Does not support wealth tax.
<b>Student Loans</b>	Generally, student loan forgiveness is included in income.	Proposes an extension of this provision past 2025 and supports the passage of legislation to spend \$5 billion a year on tax credits for donation to private school scholarships.	Proposes canceling and making student loans tax-free after borrowers have enrolled in income-based repayment plan for 20 years.
<b>Itemized Deduction Limitations</b>	Before the TCJA went into effect, there was a limitation on the itemized deductions for higher income levels. At its inception in 2017, it was \$318,700 for joint filers, \$287,650 for heads of households, \$261,500 for single filers and \$156,900 for married taxpayers filing separately. The TCJA removed the limitation through 2025. State and local tax deductions are capped at \$10,000.	Proposes an extension of this provision past 2025.	Proposes capping itemized deductions at 28%, while restoring PEASE Limitation for incomes above \$400,000 and ending the state and local tax deduction cap.
<b>Carried Interest</b>	Income flowing to a partner from a private investment fund is taxed at the lower capital gains rate with a three-year holding period requirement for specific long-term capital gain and loss.\$10,000.	For the elimination of carried interest.	For the elimination of carried interest.
<b>Retirement Incentives</b>	Eligible employees are able to contribute salary to qualified retirement plans and is excluded from taxable income withdrawn. Early withdrawal penalties do apply, with distributions be required at the age of 72.	Plans to extend this TCJA provision as is past 2025.	Proposes creating an automatic 401(k) for employees without access to pension or 401(k) plans and allow for penalty-free hardship withdrawals for survivors of domestic violence or sexual assault. Proposes allowing caregivers to make catch-up contributions and offer small businesses tax credits to offset costs of starting or maintaining retirement plans.

## Individuals

	Current Situation	Trump	Biden
<b>Child Tax Incentives</b>	The present maximum child tax credit is \$2,000 under the TCJA until 2025. There's also an earned income tax credit (EITC) available up to \$6,557 depending on income and family size, as well as a dependent care credit up to \$2,100.	Extend the TCJA provisions past 2025 and require a valid Social Security number in order to claim the tax credits.	Would like to expand the EITC and dependent care credit. He proposed a new refundable \$8,000 tax credit for one child or up to \$16,000 for two or more children. Families making less than \$125,000 will receive the full 50% refund, with a phase-out until \$400,000. He also introduced a new \$5,000 tax credit for those who care for children with certain physical and/or cognitive needs.
<b>Transaction Tax</b>	Today, there is not tax when entering into a financial transaction such as buying or selling stocks, bonds and derivatives.	Currently has no plan in place.	Supports putting a transaction tax in place.
<b>Expatriation</b>	A tax regime applies to U.S. citizens who renounce their citizenship or long-term resident aliens who terminate their resident status.	Proposes extending the provision past 2025.	No plans have been announced.

## Businesses

	Current Situation	Trump	Biden
<b>Corporate Tax Rates</b>	The present corporate tax rate is 21%.	Has not announced any proposed changes to the corporate tax rate.	Proposes an increase to the corporate tax rate to 28% and a 15% minimum tax on corporations that have book profits of at least \$100 million. Additionally, supports a 10% offshoring penalty surtax on profits from production of a U.S. company overseas sold domestically.
<b>Payroll Taxes</b>	The current FICA tax is 12.4% and is split between the employer and employee.	While there are not presently any official proposals from President Trump, he is an avid supporter of cutting payroll taxes or eliminating them completely. He recently issued an executive memorandum allowing the employee's share of the FICA tax to be deferred until Dec. 31, 2020.	Proposes to remove the wage base cap for taxpayers who make more than \$400,000 annually and end the ability for employers to intentionally misclassify their employees as independent contractors to avoid employment taxes.
<b>Depreciation</b>	Taxpayers are able to take depreciation deductions to receive capital invested in an asset and expense it in its entirety in the first-year it is placed into service.	Proposes extending this past the provisions current 2025 expiration date.	Proposes reversing this TCJA provision.

## Businesses

	Current Situation	Trump	Biden
<b>Qualified Business Income (QBI) Deduction</b>	Eligible taxpayers may deduct up to 20% of their QBI plus 20% of qualified real estate investment trust dividends, as well as qualified publicly traded partnership income through. The deduction is currently slated to expire after 2025.	Proposes to extend the QBI deduction beyond 2025.	Proposes to phase out the QBI deduction for individuals who make over \$400,000 annually.
<b>Energy Tax Incentives</b>	There are currently various credits available for electric vehicles, production of oil, as well as the production of forms of solar, wind and other “green” forms of energy.	Not proposing any new energy tax incentives, however does favor fossil fuel energy benefits.	Proposes ending subsidies for fossil fuel production, reinstating the full electric vehicle tax credit, as well as other credits and deductions to incentivize energy efficiency for businesses and homes across the country.
<b>Carbon Tax</b>	There is not a tax on fuels that omit greenhouse gases into the atmosphere.	Backed carbon capture efforts.	Supports a tax, however may not be part of climate change plan.
<b>Manufacturing Tax</b>	The 9% deduction for domestic production activities was repealed in 2018.	No changes have been announced.	Enact a manufacturing communities tax credit and impose a tax penalty on drug manufacturers increasing costs above inflation. Create a 10% tax penalty for U.S. manufacturers that move operations overseas.
<b>Repatriation</b>	Today’s law allows U.S. corporations to defer payment of U.S. income tax on revenue from offshore subsidiaries until they are repatriated.	Proposes extending the provision past 2025.	Proposes ending TCJA incentives for multinational corporations. Stated he would like to establish a “claw-back” provision, “forcing” a return of public investments and tax benefits when employment locations close in the U.S. and are sent overseas. He also would like to “tighten” anti-inversion legislation.
<b>Global Intangible Low-Tax Income (GILTI)</b>	GILTI was brought about by the TCJA as an anti-base erosion requirement. This is a 10.5% minimum tax rate of U.S. shareholders with a deduction of 37.5% plus 50% of the GILTI. The minimum base erosion anti-abuse tax is 10% and 12.5% for certain taxpayers after 2025.	Extend the current provision past 2025.	Proposes the tax rate on GILTI earned by foreign subsidiaries should be doubled to 21%.
<b>Transfer Pricing</b>	Currently, the IRS can reallocate income and other items between related parties to prevent evasion of tax.	No specific plan announced.	No specific plan announced.