

# 2020 Presidential Election Tax Proposal Comparison



## INDIVIDUAL TAX PROPOSALS

	Current Law	Biden	Trump
<b>Tax Rates &amp; Brackets</b>	Tax rates from 10-37%. 37% top bracket for income exceeding \$622,000 (MFJ) and \$518,000 (single). Scheduled to sunset in 2025. 0.9% additional Medicare tax.	Raise only the top tax rate to pre-TCJA level of 39.6% for incomes above \$400,000. Add additional tax on real estate investors with income above \$400,000	Make current rates permanent and add a 10% tax rate cut to create a 15% bracket for middle-class taxpayers.
<b>Capital Gains</b>	20% maximum tax rate on capital gains and qualified dividends. 3.8% net investment income tax applies	Capital gains taxed at ordinary income tax rates for incomes above \$1 million	Reduce maximum rate to 15% for all capital gains
<b>Itemized Deductions</b>	2020 Standard deduction of \$12,400 (single) and \$24,800 (MFJ). Scheduled to return to \$6,350 and \$12,700 after 2025. No personal exemptions allowed through 2025. SALT (State and Local tax) deduction capped at \$10,000 per return through 2025.	Repeal of SALT cap, Limit itemized deductions to 28% of value so taxpayers in tax brackets above 28% will have limited itemized deductions. Restore Pease limitation for taxable income above \$400,000	Extend current provisions beyond 2025
<b>Tax Credits</b>	Child tax credit of \$2,000 per child under 17, \$500 per other dependent. Maximum Dependent Care credit of \$600 per child, \$1200 per return. Reverts to \$1,000 Child Tax Credit after 2025	Expand child tax credit through the pandemic to \$3,000 per child aged 6-17 and \$3,600 for children under 6 making it fully refundable with an option for monthly installments. Tax credits to allow families to spend no more than 8.5% of income on health insurance. Tax credits of up to \$8,000 for child care expenses. Reinstate energy efficiency credit. Expand Work Opportunity Tax Credit to military spouses. Add \$5,000 tax credit for caregivers. Expand EITC (Earned Income Tax Credit) to childless workers over age 65. Tax credit up to \$15,000 for first time home buyers.	Extend current law past 2025. Add a travel tax credit

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<b>Education</b>	Forgiven student loan debt is taxable	Forgiven student loan debt not taxable	Tax credit for individual and corporate contributions to certain scholarships.
<b>Retirement</b>		Replace IRA deduction with 26% refundable credit	Extend TCJA provisions beyond 2025
<b>Payroll Taxes</b>	The 12.4% FICA and Medicare payroll tax is evenly split between employers and employees and applies to the first \$137,700 of an individual's wage or self-employment income	Keep current law but include earned income above \$400,000 to those subject to the tax. The gap between the two wage levels would gradually close with annual inflationary increases.	Make his recent temporary executive order postponing the employee's share of tax permanent. Employer portion would still be owed.
<b>Other Individual Provisions</b>		Expand Achieve a Better Life Experience (ABLE) account access	

## ESTATE TAX PROPOSALS

	Current Law	Biden	Trump
<b>Estate Tax Exclusion</b>	\$10 million estate & gift tax exemption, indexed for inflation. 2020 exemption = \$11.58 million, sunsets after 2025	Return to pre-TCJA \$5.8 million exemption	Extend TCJA provisions past 2025 sunset date
<b>Basis Step-Up</b>	Decedent's assets receive a basis adjustment to fair market value at date of death	Eliminate the basis adjustment	No change

# 2020 Presidential Election Tax Proposal Comparison



WILLIAM VAUGHAN  
COMPANY

## BUSINESS TAX PROPOSALS

	Current Law	Biden	Trump
<b>Corporate Tax Rates</b>	Permanent flat 21% corporate rate	Raise rate to 28%	No changes
<b>Deductions</b>		Eliminate deduction for direct to consumer drug advertising	Allow 100% expensing for pharmaceuticals and robotics manufactured in US. Make business meals and entertainment 100% deductible
<b>Corporate AMT</b>	Repealed by TCJA	15% AMT on book profits of \$100 million or more	No changes
<b>Credits</b>		Restore Energy Investment Credit. Create employer tax credit for hiring persons with disabilities, affordable housing credit, renter's tax credit. Create credit for businesses experiencing layoffs or governmental closures. Expand New Markets Credit.	Create "made in America" Tax credits. Enhance employee retention credit.
<b>International</b>	Global intangible low-taxed income (GILTI) with 50% deduction. Foreign-derived intangible income (FDII) deduction 37.5%	Double the GILTI tax rate to 21% and impose it on a country-by-country basis	Create tax credits for companies bringing jobs back from China
<b>Qualified Business Income Deduction</b>	20% pass-through deduction on Qualified Business Income	Eliminate 20% deduction for incomes greater than \$400,000	Extend TCJA business provisions
<b>Other Business Provisions</b>		Eliminate Like-Kind exchanges	Expand opportunity zones
		Enact a carbon tax	