

Key Wealth Institute

2024 Presidential Candidates' Tax Proposals

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With the November election approaching, voters are examining the two presidential candidates and their competing tax policy agendas.

Tax legislation activity in 2025 is expected to be robust, with many of the 2017 Tax Cuts and Jobs Act (TCJA) individual and business provisions set to expire at the end of 2025.

The comparison chart, beginning on page 2, allows you to see the individual and business tax proposals offered by former President Donald Trump and Vice President Kamala Harris.

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Tax Proposals	Current law	Trump	Harris
Marginal tax rates	<p>The top marginal tax rate is 37% for income over \$609,350 for individuals and \$731,200 for married individuals filing jointly.</p> <p>Rates are scheduled to increase to pre-Tax Cuts and Jobs Act (TCJA) amounts after 2025, including increasing the top marginal rate to 39.6%.</p>	<p>Make the lower TCJA top marginal rate of 37% permanent.</p>	<p>Increase the top marginal rate for individuals making more than \$400,000 per year and couples making more than \$450,000 per year to 39.6% and index the thresholds for inflation.</p> <p>Impose a 25% minimum tax on income, including unrealized gains, for those with wealth of more than \$100 million.</p>
Deductions and exemptions	<p>The standard deduction for married individuals filing jointly is \$29,200. After 2025, the basic standard deduction is scheduled to sunset to pre-TCJA amounts.</p> <p>The TCJA suspended the personal exemption and most individual deductions through 2025.</p>	<p>Make TCJA provisions permanent (the standard deduction was nearly doubled) and reinstate an unlimited itemized deduction for state and local taxes (SALT) paid.</p>	<p>Make TCJA provisions permanent only to the extent that individuals making less than \$400,000 do not have a tax increase.</p>
Capital gains and qualified dividends tax, net investment income tax, and Medicare tax.	<p>The top tax rate for capital gains and qualified dividends is 20% for income over \$518,900 for individuals and \$583,750 for married individuals filing jointly.</p> <p>In addition, there is a 3.8% net investment income tax (NIIT).</p> <p>The Medicare tax on earnings is 2.9%. Self-employed individuals and individuals with modified adjusted gross incomes over \$200,000 (\$250,000 for married individuals filing jointly and \$15,200 for estates and trusts) are subject to an additional Medicare tax of 0.9%, for a total Medicare tax of 3.8%.</p>	<p>Make the lower TCJA capital gains and qualified dividend tax rate of 20% permanent.</p>	<p>Increase the tax rate on long-term capital gains for income over \$1 million to 28%.</p> <p>Expand the NIIT base and increase NIIT and the additional Medicare tax to 5%.</p>
Individual alternative minimum tax (AMT)	<p>The TCJA increased the exemption amounts and the exemption amount phaseout thresholds for the individual AMT.</p>	<p>Make the TCJA increased exemption amount and phaseout threshold permanent.</p>	<p>Make TCJA provisions permanent only to the extent that individuals making less than \$400,000 do not have a tax increase.</p>

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Tax on Social Security	Social Security benefits are taxable up to 50% if combined income is between \$25,000 and \$34,000 (\$32,000 and \$44,000 for married individuals filing jointly), and up to 85% of Social Security benefits are taxable if combined income is over the maximum threshold.	Exempt Social Security benefits from taxation.	No tax proposals.
Tips	Tips as compensation are subject to income and payroll taxes.	Exempt tip income from taxation.	Exclude service and hospitality worker tips from income tax.
Child tax credit	The maximum child tax credit is \$2,000 and only a portion is currently refundable. This credit will revert to \$1,000 after 2025.	Increase the child tax credit to \$5,000 per child with expanded income thresholds.	Increase the child tax credit to between \$3,000 and \$6,000, based on the child's age, with the credit fully refundable regardless of earned income.
Estate and wealth taxes	For 2024, the estate and gift tax exemption is \$13.61 million. This amount is scheduled to revert to \$5 million and will be indexed for inflation after 2025. Transfers of appreciated property at death receive step-up basis.	Make permanent the TCJA increase in the estate and gift tax exemption.	Eliminate step-up basis on transfers of appreciated property at death.
Homeownership	Current law includes incentives for homebuyers and homeowners.	Provide tax incentives to promote homeownership and support for first-time homebuyers.	Provide \$25,000 down payment assistance to first-time buyers.
Corporate tax rates	The corporate tax rate is 21%, the corporate alternative minimum tax rate is 15%, and the stock buyback excise tax is 1%.	Lower the corporate tax rate from 21% to 20% (possibly 15% for companies that make their products in the U.S.).	Increase the corporate tax rate from 21% to 28%. Increase the stock buyback excise tax from 1% to 4%.
Section 199A pass-through business deduction	Under Section 199A, individuals, estates, and trusts can deduct 20% of qualified business income from pass-through businesses like partnerships and S corporations, subject to certain limits.	Make the TCJA Section 199A pass-through business deduction permanent.	Make TCJA provisions permanent only to the extent that individuals earning less than \$400,000 do not have a tax increase.

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Carried (profits) interests	Long-term capital gains received by partners having a carried interest in a partnership with a holding period of more than three years are taxed at 20% (rather than ordinary tax rates). Long-term capital gains held for three years or fewer are taxed at short-term capital gain rates (ordinary tax rates).	No tax proposal.	Tax as ordinary income a partner's share of income on a carried interest regardless of the character of the income at the partnership level if the partner's taxable income is more than \$400,000.
Small business	Startup expenditures are required to be capitalized and amortized over 180 months. However, an active trade or business can elect to deduct up to \$5,000 of startup expenditures.	No tax proposal.	Increase to \$50,000 the amount an active trade or business can elect to deduct. Enact a standard deduction for small businesses to simplify filing a tax return.
Like-kind exchanges of real estate	Appreciated real property used in a trade or business or held for investment can defer gain on the exchange of the property for real property of a like-kind until a later recognition event.	No tax proposal.	Allow like-kind exchange treatment for gain up to \$500,000 (\$1 million for married individuals filing jointly).

For more information, please contact your advisor.

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About the Author

As the National Tax Director, Joe is responsible for coordinating the tax activities of the Trust Tax department in the production of tax reporting for Key Wealth's fiduciary and individual tax clients.

Joe draws on more than 25 years of experience as a trusted business partner to family-owned companies and high-net-worth individuals by delivering comprehensive tax, financial planning, and management advisory services to clients to maximize capital preservation and minimize income taxes. He has extensive experience with S Corporations, partnerships, gift, trusts, and individual taxation.

Joe received his B.B.A. in Accounting from Cleveland State University and is a member of the American Institute and Ohio Society of CPAs.



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