

# Tax Reform Coming?

## TAX PROPOSAL COMPARISONS

Tax Item	Current Law	Trump's Proposal	House Republican's Proposal
<b>Corporate Tax Rate</b>	Top rate of 35%	Top rate of 15% <sup>1</sup>	Top rate of 20%
<b>Ordinary Income Tax Rate</b>	7 brackets: 10%-39.6% (+3.8% NIIT)	3 brackets: 12%/25%/33% (eliminate NIIT)	3 brackets: 12%/25%/33% (eliminate NIIT)
<b>Taxable Interest Income</b>	Taxed as ordinary income	Taxed as ordinary income	Taxed as ordinary income with 50% deduction <sup>2</sup>
<b>Long-Term Capital Gains &amp; Qualified Dividends</b>	3 brackets: 0%/15%/20% (+ 3.8% NIIT)	3 brackets: 0%/15%/20% (eliminate NIIT)	Taxed as ordinary income with 50% deduction <sup>2</sup>
<b>Short-Term Capital Gains</b>	Taxed as ordinary income	Taxed as ordinary income	?
<b>Carried Interest</b>	Taxed at capital gains rates	Taxed as ordinary income	?
<b>AMT</b>	Remain	Eliminated	Eliminated
<b>Standard Deduction</b>	Single: \$6,350 (2017) Joint: \$12,700 (2017)	Single: \$15,000 Joint: \$30,000	Single (no children): \$12,000 Head of Household: \$18,000 Joint: \$24,000
<b>Itemized Deductions</b>	Various	Cap on total deductions (Single: \$100,000 Joint: \$200,000)	Eliminate all except mortgage interest and charitable contributions
<b>Estate/Gift Tax</b>	Top rate: 40% Exemption: \$5,490,000 (2017)	Eliminate "death" tax Tax on capital gains with no basis step-up <sup>3</sup>	Eliminate Silent on basis step-up and a replacement tax

<sup>1</sup> Proposal does not state whether pass-through entities would be taxed at corporate rate, individual rates or a special pass-through rate.

<sup>2</sup> Investment income will be taxed as ordinary income with families and individuals able to deduct 50% of their net capital gains, dividends, and interest income, leading to basic rates of 6%, 12.5%, and 16.5% on such investment income depending on the individual's tax bracket.

<sup>3</sup> Specific details of proposal unclear, such as amount of exemption, timing of tax and treatment of assets under exemption amount.