

Comparison of Trump vs. Biden Tax Proposals

The person elected president of the United States in November 2020 will have a unique and challenging task — managing the nation’s economic recovery after a global pandemic that caused unemployment to surge to levels not seen since the Great Depression. One way to manage the economic recovery is through changes to the current tax law. This chart examines the differences between the proposals under current President Donald J. Trump and Democratic nominee Joe Biden.

TRUMP TAX PLAN		BIDEN TAX PLAN
Proposes to make 2017 Tax Cuts & Jobs Act (“TCJA”) tax rate reductions permanent (top rate of 37%). Possible further tax rate cut for lower and middle-income taxpayers	Individual Tax Rates	Increase top ordinary income tax rate to 39.6%(pre- TCJA rate) on taxable income above \$400,000
Proposed rate reduction from 20% to 15% on capital gains	Capital Gains & Dividends	39.6% rate for individuals with taxable income above \$1,000,000
Retain 20% deduction under Section 199A	Passthrough Income	Phase-out 20% deduction under Section 199A for taxpayers with income over \$400,000
Proposes to make permanent the TCJA changes to itemized deductions set to expire in 2025 – which are currently not capped.	Itemized Deductions	Restore pre-TCJA limitations for those with taxable income over \$400,000. Cap tax benefit of itemized deductions at the 28% tax rate. End state and local tax deduction cap of \$10,000.
No changes proposed	Social Security Tax	Imposes additional employer and employee social security payroll tax of 12.4% on wages or self-employment income over \$400,000
Require a valid Social Security Number to claim the credit	Child Tax Credit	Increase credit from \$2,000 to \$8,000 for one child and \$16,000 for 2 or more. Credit phase out for taxable income between \$125,000 and \$400,000.
No changes proposed	Student Loans	Special taxable income exclusion for certain student loan forgiveness where debtor is enrolled in an income-based 20-year repayment plan
Extend current \$11.6 million estate exemption set to expire in 2025. Retain step-up in basis for inherited property	Estate Tax	Allow increased current \$11.6 million estate tax exemption to expire in 2025 reverting it to around \$5.8 million. Eliminate step-up in basis for inherited property.
Retain current corporate tax rate of 21% No plan to reinstate the Alternative Minimum Tax repealed by the TCJA	Corporate Tax Rate	Increase corporate tax rate from 21% to 28% 15% minimum tax on book income for corporations earning more than \$100 million in the U.S. but no U.S. income tax. 10% offshoring penalty surtax on the profits from any production by a U.S. company overseas for sale on American soil, making the overall tax rate on those profits 30.8%.
Retain like-kind exchange deferral provisions	Real Estate Transactions	Repeal like-kind exchange deferral provisions for taxpayers earning more than \$400,000.
Extend TCJA 100% Bonus Depreciation provisions past 2025	Bonus Depreciation	Reverse TCJA 100% Bonus Depreciation provisions.