



HBE

10 Minute Tuesdays

Webinar Series

November 10, 2020

Post-2020 Presidential Tax Platform

30 Minute Session

**Jimmy Schulz, CPA, CVA, MT
Partner**

State of the Elections

Democratic
Controlled
House

Biden
President-Elect

Republican
Controlled
Senate?

*Subject to
winning one of
two GA runoff
elections*



Trump Tax Plan

Tax Cuts and Jobs Act of 2017 (TCJA)

- Key Individual Provisions (generally 2018-2025)
 - Estate and gift tax exemption increased to \$11M per person, 40% tax rate
 - Reduced individual income tax brackets (37% top bracket)
 - Maintain 0/15/20% long-term capital gain and qualified dividend rates
 - Doubled child tax credit to \$2,000 per qualifying child
 - Doubled standard deduction (\$24,000 joint filers)
 - Limited state tax deduction to \$10,000
 - Repealed phaseout of itemized deductions
 - Increased alternative minimum tax (AMT) exemptions
 - Net operating losses (NOL) carry forward indefinitely, no carryback provision

Trump Tax Plan

Tax Cuts and Jobs Act of 2017 (TCJA)

- Key Business Provisions
 - New 20% qualified business income tax deduction (QBI)
 - Corporate tax rate reduced to 21% (permanent change)
 - Updated foreign income tax regime
 - Business interest limitations (over \$25M gross receipts)
 - Favorable depreciation provisions
 - 100% bonus depreciation – begins phasing down in 2023
 - Qualified improvement property definition and 15 year life (QIP)

Biden Tax Plan

- Individual Provisions
 - Estate and gift tax levels back to 2009 levels (\$3.5M exemption, 45% tax rate)
 - Realization event of asset appreciation also subject to income tax
 - Could result in effective 67% overall tax on appreciated estate assets
 - Individual tax bracket for income over \$400,000 increase to 39.6%
 - Increase long-term capital gain and qualified dividend rate to ordinary rates (39.6%) for income over \$1 million

Biden Tax Plan

- Individual Provisions (continued)
 - Limitations on itemized deductions for those with over \$400,000 in income
 - Expand Social Security payroll taxes to be assessed on earned income above \$400,000 (currently stops at \$137,700)
 - Expanded tax credits
 - Larger child tax credits
 - Expanded eligibility for health insurance Premium Tax Credits

Biden Tax Plan

- Business Provisions
 - Phase out the QBI deduction on income over \$400,000
 - Increase corporate tax rate to 28%
 - Updates to international tax regime (generally higher taxes on foreign operations)
 - Various tax credits for renewable energy and manufacturing
 - Remove like-kind exchanges for real estate transactions

Comparison Summary

	CURRENT LAW	BIDEN PLAN
Personal Income Tax Rates	37% top tax bracket	39.6% top tax bracket (>\$400,000)
Capital Gains Tax Rate	20% maximum rate	Current rates except 39.6% >\$1,000,000
Social Security Withholding	6.2% on wages up to \$137,700	6.2% on wages up to \$137,700 and over \$400,000
Itemized Deductions	<ul style="list-style-type: none"> Pease limitation repealed SALT deduction limited to \$10,000 	<ul style="list-style-type: none"> Pease limitation reinstated No limit on SALT deduction
Qualified Business Income Deduction (QBI)	20% QBI deduction	QBI is phased out over \$400,000
AMT	Muted due to SALT limitation and increased exemptions	Restored to previous levels
Estate Taxes	<ul style="list-style-type: none"> Exemption \$11.5M Basis step-up at death Top tax rate 40% 	<ul style="list-style-type: none"> Exemption \$3.5M Realized capital gains at death Top tax rate 45%
Corporate Taxes	21% tax rate	28% tax rate

2020 Unique Tax Planning Considerations

- NOL carryback provisions temporarily re-installed
 - Five-year carryback period for tax years 2018-2020
- Required minimum distributions (RMD) not required for 2020 tax year
 - Consider Roth rollovers and charitable giving planning
- Paycheck Protection Program (PPP) loan forgiveness taxability (?)

2020 and Beyond Tax Planning Considerations

- Entity selection review
- Succession planning
- Estate planning
- Charitable giving strategies



Contact Information

HBE

CPAs & Consultants | Wealth Management

www.hbecpa.com



Jimmy Schulz, CPA, CVA, MT

Partner

jschulz@hbecpa.com

(402) 261-9625

***Disclaimer:** These materials do not constitute tax or legal advice, and cannot be relied upon for purposes of avoiding penalties under Internal Revenue Code. These materials may omit discussion of exceptions, qualifications, definitions, effective dates, jurisdictional differences, and other relevant authorities and considerations. In no event should an audience member rely on these materials in planning a specific transaction or litigation. Non-lawyers should not attempt to provide legal services or legal advice in circumstances where that would violate laws against unauthorized practice of law. HBE will not be responsible for any error, omission, or inaccuracy in these materials.*

*Mark Your
Calendar!*

Upcoming Sessions

November 12 | Paycheck Protection Program (PPP) Updates

Brian Klintworth, CPA, MT
Manager, HBE

10:00 AM | 30 Minutes

November 24 | Year-End Tax Planning Considerations

Chad Pfeiffer
Principal, HBE

Christopher Bedient, CFA, CFP®
Partner, HBE Wealth Management

10:00 AM | 10 Minutes

Register online at: www.hbecpa.com/events