

# Election 2020 Tax Policy Comparison

Marginal Income Tax Brackets		
Current Law	Trump	Biden
Marginal Tax Rates per the Tax Cuts & Jobs Act (TCJA)	No proposed changes	Increase top marginal tax rate to 39.6% from the current 37%. In addition compressing the tax brackets such that the top tax bracket begins at \$400,000 instead of the current \$500,000.

Capital Gains & Dividends Tax Rates		
Current Law	Trump	Biden
<b>Single</b>		
Up to \$40,000	0%	0%
\$40,001-\$441,150	15%	15%
Over \$441,450	20%	20%*
<b>Married Filing Jointly</b>		
Up to \$80,000	0%	0%
\$80,001-\$496,600	15%	15%
Over \$496,600	20%	20%*
<b>Married Filing Separately</b>		
Up to \$40,000	0%	0%
\$40,001-\$248,300	15%	15%
Over \$248,300	20%	20%*
<b>Head of Household</b>		
Up to \$53,600	0%	0%
\$53,601-\$469,050	15%	15%
Over \$469,050	20%	20%*
*Biden intends to eliminate favorable tax on capital gains for taxpayers earning more than \$1,000,000 (i.e., subjecting capital gains earning of taxpayers earning more than \$1,000,000 to ordinary income tax rate).		

Child Tax Incentives		
Current Law	Trump	Biden
<b>Child Tax Credit</b>		
\$2,000 per child	No proposed changes	\$8,000 for one qualifying child / \$16,000 for 2+ qualifying children
<b>Earned Income Tax Credit (EITC)</b>		
Up to \$6,557 (Depending on income/family size)	No proposed changes	To “expand” this credit
<b>Dependent Care Credit</b>		
Up to \$2,100 (Depending on related expenses)	No proposed changes	To “expand” this credit
Biden proposes a new \$5,000 tax credit for caregivers of individuals with certain physical and cognitive needs.		

Itemized Deductions		
Current Law	Trump	Biden
TCJA eliminates the “Pease Limitation” through 2025	Permanent repeal of the “Pease Limitation”	Reinstate “Pease Limitation” on itemized deductions for adjusted gross income above \$400,000

Carried Interest		
Current Law	Trump	Biden
In general, taxed at capital gains rates	Eliminate carried interest	Eliminate carried interest

Payroll Tax		
Current Law	Trump	Biden
12.4% split evenly between employee and employer	No official proposal	Eliminate wage base cap on wages above \$400,000 (i.e., resume a 12.4% payroll tax on wages above \$400,000)

Corporate Tax		
Current Law	Trump	Biden
The tax rate for corporations is 21%	21%	28%*
*Additionally, Biden proposes a minimum tax on corporations with book profits of \$100 million or more.		

QBI Deduction		
Current Law	Trump	Biden
Allows eligible taxpayers to deduct 20% of certain types of income	Extend beyond 2025	Phase out for adjusted gross income above \$400,000

Energy Tax Incentives		
Current Law	Trump	Biden
Various credits available for oil production, “green” energy, etc.	No proposed changes	End subsidies for fossil fuels, restore full electric vehicle tax credit, implement other incentives for residential and commercial energy

International Taxation		
Current Law	Trump	Biden
Repatriation		
U.S. corporations can defer payment of U.S. income tax on profits from offshore subsidiaries until such profits are repatriated	No proposed changes	End TCJA incentives & “tighten” anti-corporate inversion laws
Additionally, Biden proposes establishing a “claw-back” provision to force a return of public investments and tax benefits when employers close locations in the U.S. in favor of sending jobs overseas.		

### International Taxation, Continued

Global Intangible Low-Taxed Income (GILTI)		
Generally, a tax on earnings that exceed a 10% return on a company's invested foreign assets	No proposed changes	Double tax rate on GILTI tax from 10.5% to 21%

### Taxes & Health Care

Current Law	Trump	Biden
Affordable Care Act (ACA)	Repeal the ACA	Strengthen the ACA by lowering the limit on the cost of coverage from 9.86% of income to 8.5% among other changes

### Estate & Gift Taxation

Current Law	Trump	Biden
<b>Estate Tax</b>		
Generally, estates not exceeding combined gross assets and prior taxable gifts in the amount of \$11,580,000 are exempt from taxation. Additionally, a "stepup" in basis to the market value of the asset by the recipient of inherited property is permitted.	No proposed changes	Restore the 2009 estate tax levels (i.e., decreasing the exemption amount to \$3,500,000 from the current \$11,800,000 and increasing the tax rate from the current 40% to 55%)
<b>Gift Tax</b>		
Annual gift exclusion of \$15,000 per person	No proposed changes	No specific proposal, however given the proposal to adjust the estate tax to 2009 levels, a potential reduction from the current amount to the 2009 level (\$13,000) could be included

Global Note: "Current Law" includes updates per the Tax Cuts & Jobs Act

#### Sources:

Wolters Kluwer's CCH Tax Briefing dated September 3, 2020

[www.joebiden.com](http://www.joebiden.com)

[www.donaldjtrump.com](http://www.donaldjtrump.com)

[www.taxpolicycenter.org](http://www.taxpolicycenter.org)