

# Akin Gump

STRAUSS HAUER & FELD LLP

## 2016 Major Tax Proposals

Tax Provisions	Hillary Clinton	Democratic Party Platform	Donald Trump	House GOP Blueprint	Republican Party Platform
<b>Individual</b>					
<b>Rates</b>	Lower taxes for middle-class earners Supports “Buffett Rule” (minimum tax rate of 30 percent on individuals earning more than \$1 million per year) Support 4 percent surtax on income over \$5 million a year	Lower rates for middle-class earners, establish surtax on “multimillionaires”	Reduce income tax rates and brackets to 3 (12, 25 and 33 percent)	Reduce income tax rates and brackets to 12, 25 and 33 percent, and index brackets for inflation  12 percent: 10/15 brackets 25 percent: 25/28 brackets 33 percent: 33/35/39.5 brackets	Lower rates on individuals  Any move toward a consumption tax or VAT system must be accompanied by the repeal of the 16th amendment (federal income tax)
<b>Deductions</b>	Eliminate favorable tax treatment of carried interest	End deductions for wealthy earners, including deferral of carried interest	End deferral of carried interest  Increased deductions for those in lower tax brackets; reduce and eliminate deductions for higher brackets	Consolidate five basic family tax deductions and PEs into two simpler benefits: larger standard deduction (\$24,000 for joint filers, \$18,000 for single) and an enhanced child and dependent tax credit (\$1,500)  Eliminate all itemized deductions except mortgage interest and the charitable contribution deductions	Eliminate deductions in order to simplify tax code  Maintain non-tax status for nonprofits as well as charitable giving deduction
<b>Credits</b>	\$6,000 credit for long-term caregivers of aging parents/grandparents  Double the Child Tax Credit to \$2,000 per child for families with children ages 4 and under	N/A	Mortgage interest and charitable giving deductions would be maintained for all earners	Maintain EITC	Maintain credits for families and children
<b>AMT</b>	N/A	N/A	Repeal AMT	Repeal AMT	N/A
<b>Health Care</b>	Repeal “Cadillac tax” on expensive health care plans under ACA	N/A	Full deduction for health insurance premium payments; no tax on HSA contributions	Eliminate ACA revenue streams	N/A
<b>Retirement</b>	Open to raising Social Security payroll tax cap for wealthier earners	N/A	N/A	Retain current law with possible modifications	Tax policy should encourage savings
<b>Other</b>	Cap deductions for wealthy at 28 percent and use revenue generated to offset education plan  Tax cut for middle-class families for child care	N/A	Allow deduction of child-care costs	N/A	N/A
<b>Savings / Investment</b>	Tax capital gains on sliding scale that rewards holding on to assets longer	N/A	Repeal 3.8 percent surtax on investment income; position on capital gains unclear	Tax capital gains, dividends and interest at half the individual rate (6, 12.5 and 16.5 percent)	Tax policy should encourage saving and investment

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<b>Estate Tax</b>	Lower estate tax threshold to \$3.5 million and new tax rate of 45 percent  50 percent rate on estates over \$10 million a person  55 percent rate on estates over \$50 million a person  65 percent rate on those with assets exceeding \$500 million for a single person and \$1 billion for married couples	Increase tax rates on “multimillion-dollar” estates	Repeal estate tax	Repeal current estate and generation-skipping transfer taxes	N/A
<b>Businesses</b>					
<b>Rates</b>	N/A	N/A	Reduce corporate tax rate to 15 percent	Reduce tax rate for small businesses (sole proprietorships and pass-through entities) to 25 percent  Reduce corporate tax rate to a flat rate of 20 percent	Lower corporate tax rate to be on a par with, or below, the rates of other industrial nations
<b>Deductions</b>	Close business tax loopholes	Eliminate tax credits or deductions for businesses that move jobs overseas	N/A	Eliminate all special interest deductions for businesses	Eliminate deductions in order to simplify tax code
<b>Expensing</b>	N/A	N/A	N/A	Provide full and immediately expensing of the cost of investments. This expensing provision would apply to both investments in tangible property (such as equipment and buildings) and intangible assets (such as intellectual property) but would not apply to land	N/A
<b>Interest Deduction Limitations</b>	N/A	N/A	Phase in “reasonable” cap on the deductibility of business interest expenses	Permit deduction of interest expenses against any interest income, but no current deduction will be allowed for net interest expense	N/A
<b>AMT</b>	N/A	N/A	Repeal AMT	Repeal AMT	N/A
<b>R&amp;D</b>	N/A	N/A	N/A	Maintain R&D credit	N/A
<b>Net Operating Losses</b>	N/A	N/A	N/A	Allow NOLs to be carried forward indefinitely, but without any carryback period (90 percent cap)	N/A
<b>Inventory</b>	N/A	N/A	N/A	Retain the last-in-first-out (LIFO) method of accounting	N/A

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<b>Other</b>	<p>Impose financial transaction tax to de-incentivize high frequency trading</p> <p>Provide 15 percent credit to corporations that share profits with employees (capped at 10 percent of employee's wage)</p> <p>\$1,500 business tax credit for hiring workers (per worker)</p> <p>Roll back tax provisions tying executive compensation to corporate performance, including stock options</p> <p>39 percent tax credit on investments made by manufacturers in economically distressed areas, claimed over seven years as a part of the existing New Markets Tax Credit</p> <p>Supports 1 cent per milligram tax on opioid prescription pills paid for by manufacturer or importer</p>	N/A	N/A	N/A	N/A
<b>International Taxation</b>					
	<p>Impose "exit tax" on untaxed overseas earnings of companies that give up their residence in the United States; require companies in the United States to control 50 percent of the combined entity in order to expatriate</p>	<p>End deferral of taxes on foreign profits</p>	<p>No deferral for corporate foreign earnings</p> <p>One-time foreign earnings repatriation rate of 10 percent</p>	<p>Move to territorial system of taxation; 100 percent exemption for dividends from foreign subsidiaries. The 100 percent exemption would allow U.S. companies to repatriate their foreign earnings without the imposition of U.S. tax.</p>	<p>Move to territorial tax system</p>
	<p>Rescind up to seven years of tax relief and incentives for companies that move jobs overseas ("clawback")</p>	N/A	<p>Maintain foreign tax credit</p>	<p>"Destination-based" tax system that follows the location of consumption rather than the location of production. This new "cash-flow" business tax system would allow for border tax adjustments that exempt exports while taxing imports and would apply to both corporate and non-corporate businesses.</p>	N/A