

## 2016 Year End Tax Review for You and Your Family – and Proposals from the Trump Administration

As the reality of a Trump Presidency settles in, so does the specter of a significantly different tax landscape than anticipated. Below are both a review of some of the most relevant Trump proposals, and a few year-end tax strategies to consider:

Trump has proposed a repeal of the "death tax". It is not one of his primary proposals, and it is not clear if he will be able to accomplish it given procedural hurdles and budgetary issues. Along with the repeal, he also proposed a "carryover basis" rule for inherited stock and other assets from estates of more than \$10 Million. This additional proposal has already been criticized by some Republican members of Congress, while some Democrats have raised repeal of the federal estate tax as a non-starter. House Republicans are proposing a repeal of only the federal estate and Generation-Skipping Transfer ("GST") tax, not the federal gift tax. As the gift tax backstops the Federal income tax, the assumption is that Trump's proposal does not include repeal of the Federal gift tax, but we await further clarification.

In light of anticipated Trump administration priorities, recent Proposed Treasury Regulations that targeted intra-family transfers are not projected to be adopted. This is a significant change from two months ago, when adoption of such new Regulations were thought to be imminent - as early as December 1, 2016.

In another critical tax area, Trump has proposed a reduction of the number of income tax brackets to three: 12% (on income up to \$75,000), 25% (on income between \$75,000 and \$225,000), and 33% (on income more than \$225,000). All figures are for married couples, single filers would be half those dollar amounts.

The 3.8% Medicare tax affecting couples having an Adjusted Gross Income exceeding \$250,000 is targeted for repeal in 2017, but is still effective for 2016.

Looking forward to 2017, as we gain greater clarity regarding these proposals, and have had the benefit of observing Trump's first 100 days in office, we will be hosting seminars in our Madison, Milwaukee, and Waukesha offices to summarize and present more details of Trump's agenda and legislative proposals.

While these changes are being formulated, below are some year-end tax

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strategies, and limits for 2017 giving and estate tax for your consideration:

- Legislation allowing tax-free direct distributions of up to \$100,000 per year of a taxpayer's Required Minimum Distribution ("RMDs") from an IRA to charitable organizations was made permanent. If you are required to take RMDs and wish to give to qualified charities, strongly consider this method. Of note, additional legislation has been introduced to extend this treatment for gifts from IRAs to Donor Advised Funds.
- New 2017 Exemption from the Federal Gift, Estate and GST Tax: \$5,490,000
- Annual Exclusion for 2017: \$14,000

If we can predict nothing else, 2017 will be a year of change for our country. Tax Code revision is high on the agenda of the Trump administration. Stay tuned and [Christine Rew Barden](#) or your Reinhart attorney if you wish to discuss your-end planning or have questions about how some of the proposed changes might impact you and your family.

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