

Comparing the 2016 Presidential Candidates' Tax Proposals

In May, the federal estate tax marked its 100th birthday. Since its inception, the federal estate tax has been the subject of great debate among presidential candidates, and the 2016 presidential election is no exception. Below is a summary of the current candidates' tax proposals. Donald Trump, the presumptive Republican nominee, argues for a streamlined approach and an overhaul of the current Internal Revenue Code. Hillary Clinton, the presumptive Democratic nominee, proposes raising income tax rates for high-income taxpayers, and raising estate and gift tax rates, as well. Bernie Sanders, who has indicated that he intends to continue his race, proposes broad reforms to reduce wealth inequality.

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Tax	Current Law	Donald Trump's Proposal	Hillary Clinton's Proposal	Bernie Sanders' Proposal
Income Tax Rates on Ordinary Income	Top tax rate of 39.6% for taxable income.	Creates four tax brackets with rates of 0%, 10%, 20% and 25%. Top rate applies to income over \$150,000 for single filers and \$300,000 for joint filers. Eliminates AMT and marriage penalty.	Adds 4% surcharge on AGI over \$5 million. Adds 30% minimum tax on taxpayers with AGI over \$1 million.	Creates four tax brackets with rates of 37%, 43%, 48%, and 52%. Top rate applies to taxable income over \$10 million. Raises the rate of all other brackets by 2.2%.

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Income Tax Rates on Capital Gains and Dividends	Short term; 39.6%, Long term; 15% Net investment income tax: 3.8%	Eliminates the net investment income surtax.	Adds 4% surtax on income over \$5 million. Raises rates on capital gains for investments held up to six years to between 24% and 39.6%.	Taxes capital gains and dividends at ordinary income rates for joint filers with income over \$250,000.
Estate and Gift Taxes	40% rate. \$5.45 million combined gift (lifetime) and estate tax exemption (indexed for inflation).	Eliminates the estate tax.	Increases top estate tax rate to 45% and permanently lowers estate tax exclusion to \$3.5 million (no inflation adjustment). Sets lifetime gift tax exemption at \$1 million.	Creates three brackets of 45%, 50% and 55%. Top rate applies to estates in excess of \$50 million. Lowers the estate tax exclusion to \$3.5 million. Limits annual exclusion gifts to trusts.
Generation-Skipping Taxes	40% rate. Combined life and death exemptions of \$5.45 million.	No specific proposal.	No specific proposal.	Applies to all trusts lasting more than 50 years.

Regardless of which candidate prevails, there are likely to be some changes to the current Internal Revenue Code. Reinhart attorneys are available to review and discuss your current estate plan and to revise the plan to create the flexibility



necessary to accommodate anticipated tax law changes, and reduce income and transfer taxes on property passing to the next generation. Please contact your Reinhart attorney or any member of the Reinhart Trusts and Estates Practice Group with your questions.

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