Overview of the Biden proposed tax plan

Item	Present Law	Biden's proposal
Corporate income tax rate Alternative minimum tax (AMT)	21% TCJA repealed alternative minimum tax	Increase to 28% 15% minimum tax on book income for corporations earning greater than $100 million
Section 199A deduction	20% pass-through deduction for qualified business income (QBI)	Repeal of the section 199A deduction for those making more than $400,000
Individuals and owners of pass-through entities	37% individual top rate Capital gains rate of up to 20% Social Security tax for employer and employee applied to first $137,700 of wages or self-employment income Deduction limited through 2025 to medical and dental, limited real estate taxes, limited home mortgage interest, mortgage insurance premiums, gifts to charity and casualty or theft losses. Estate tax exemption for the first $11.58 million per individual and decedents have a FMV basis in the assets. Exchange of real property held for productive use in a trade or business or for investment for real property of like kind to be held for productive use in a trade or business or for investment without recognition of gain or loss.	Reinstitute the top individual income tax rate to 39.6% Tax capital gains as ordinary income for taxpayers with over $1 million in income Imposes additional social security taxes on wages or self-employment income over $400,000 Reduce the benefit of itemized deductions to a tax benefit of no more than 28%. The Biden proposal states that estate taxes should be raised back to the historical norm and would eliminate step-up in basis for property transferred at death. Retain the current like-kind exchange rules for taxpayers earning less than $400,000. Taxpayers with income greater than $400,000 will be ineligible for capital gains deferral.
Global intangible low-taxed income (GILTI)	10.5% tax on un-repatriated amounts	Increase to 21%

Tax planning discussion

Domestic federal tax possible response to rate changes: Planning in reverse examples

Accelerate income / delay expenses

- Terminate installment plans – accelerate income into 2020

Transaction related

- Pull forward possible taxable transaction(s)

Account methods

- Method changes with a section 481(a) adjustment to accelerate income / delay expenses

Capital expense plans

- Depreciation: elect out of bonus on a class-by-class basis (can only elect out of 5 year property, etc.)

Investment holdings

- Plan exit for LTCG before tax rate increase. Unique sector implications such as, carried interest if LTCG rates rise to STCG equivalent, time value of money considerations over the 3 year period

Federal and International

State and Local