

Tax Planning for a Second Trump Presidency

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The votes are in, the winner has been declared. Now's the time to start planning your taxes around the second Trump presidency (2025-2028). Of course, taxes aren't entirely within the purview of the President of the United States – only Congress has the power to change the tax code. However, the president has tremendous influence over it.

For his part, the president proposes tax policies that can influence public opinion, rallies Congress to pass tax legislation, and has the power to veto any tax legislation proposed by Congress. And while the president can't change the tax code through executive orders, he can direct agencies to implement certain tax policies or interpretations and pay less attention to others.



So, what changes to the tax code can we expect from a second Trump presidency? In many ways, we can expect to see more of the same – an extension of many of the provisions in the Tax Cut and Jobs Act (TCJA) that Congress approved in late 2017 near the middle of the first Trump presidency. In addition, we can likely count on additional tax relief to promote growth and increase take-home pay for workers.

In this SWC singlette, we review key provisions of the TCJA, which will expire at the end of 2025 unless Congress acts to extend them, and we highlight changes to the tax code that Trump proposed during his campaign.

Continued onto next page

Tax Cut and Jobs Act Provisions That Are Set to Expire in 2025

Many of the TCJA provisions were intended to be temporary. Unless Congress acts to extend them, the following provisions are set to expire at the end of 2025:

- **Standard deduction:** The TCJA increased the standard deduction and eliminated personal exemptions. If this provision of the TCJA were extended through 2026, the standard deduction would be approximately \$30,725. If it expires, the standard deduction for a married couple will be approximately \$16,525 in 2026, while the personal exemption will be about \$5,275 (a married couple gets two personal exemptions for a total of \$10,500). That's \$3,700 less for a married couple if the provision expires.
- **Individual income tax rates:** The TCJA lowered marginal income tax rates across most of the income distribution. The top rate fell from 39.6 percent to 37 percent, the 33 percent bracket dropped to 32 percent, the 28 percent bracket to 24 percent, the 25 percent bracket to 22 percent, and the 15 percent bracket to 12 percent. The lowest bracket remained at 10 percent, and the 35 percent bracket was unchanged. These rates will increase to pre-2017 levels if this provision expires.
- **State and local tax (SALT) deduction:** The TCJA set a \$10,000 limit on deducting state and local taxes (or sales taxes in states without income taxes), assuming a taxpayer chooses to itemize. If this provision expires, the limit is removed, which benefits high-income taxpayers in high-tax states the most.
- **Child Tax Credit:** The TCJA increased the tax credit for each child under 17 from \$1,000 to \$2,000. The maximum refundable credit (the amount you can get even if you don't owe any tax) increased from \$1,000 to \$1,400 per child in 2018. That is adjusted for inflation and set at \$1,700 in 2024. The TCJA also increased the income thresholds at which the credit phases out. If this provision expires, the credit will drop back to \$1,000 per child.
- **Alternative minimum tax (AMT):** The TCJA temporarily raised the exemption amount and exemption phase-out threshold for the AMT, resulting in fewer taxpayers being liable to pay it. If this provision expires, the 2026 AMT exemption for married couples filing jointly will be about \$110,075, compared to about \$140,300 if the provision is extended.
- **Estate taxes:** The TCJA doubled the estate tax exemption. If this provision is extended, the exemption in 2026 will be about \$28.6 million. If it expires, it will be about \$14.3 million.
- **Deduction for qualified business income (QBI):** The TCJA provided a 20 percent deduction for qualified pass-through income for sole proprietorships, partnerships, and S-corporations. If this provision expires, this deduction will go away.

Most of the Tax Cut and Jobs Act's provisions affecting corporations are not set to expire. This includes the provision that reduces the corporate tax rate from 35 percent to 21 percent. One notable exception is the provision that allowed for a 100 percent bonus depreciation deduction for assets with useful lives of 20 years or less. This deduction is gradually being phased out; it's 60 percent in 2024 and will be fully phased out by 2026.

We anticipate that President-elect Trump will push hard to have the Tax Cut and Jobs Act provisions extended and made permanent and will likely seek to provide additional tax relief under certain provisions, such as increasing the Child Tax Credit.

Additional Tax Relief Trump Proposed During His Campaign

During the runup to Election Day, the Trump campaign floated a wide variety of tax and tariff proposals. Major tax proposals include the following:

- Making most Tax Cut and Jobs Act provisions permanent, except for removing the cap on state and local tax (SALT) deductions
- Increasing the Child Tax Credit (*Vice President-elect JD Vance floated the idea of increasing it to \$5,000 per child*)
- Exempting tips from income taxes
- Exempting Social Security benefits from income taxes
- Exempting overtime pay from income taxes
- Creating an itemized deduction for auto loan interest
- Eliminating the green energy subsidies in the Inflation Reduction Act (IRA)

Tariffs, Tariffs, Tariffs

As you may have heard, President-elect Trump's tax policy relies heavily on tariffs and domestic growth to make up for any losses in tax revenue associated with his tax-relief proposals.

Here are some of the tariffs the President-elect has proposed:

- Imposing a universal tariff on all U.S. imports of 20 percent
- Raising current Section 301 tariffs on China to 60 percent
- Foreign retaliation of 10 percent on all U.S. exports, plus additional in-kind tariffs on U.S. exports to China

Nobody has a crystal ball to foretell the future of the U.S. tax code. All that's certain is it will change. As the tax landscape evolves over the coming months and years, you can trust us to keep you posted on specific changes, share our insight into how they're likely to impact you as a taxpayer, and provide tax-saving strategies that enable you to keep more of your money while growing your net worth.

If you or your business are curious about tax planning strategies that account for the second Trump presidency, please reach out to discuss your questions or thoughts. Helping our clients build and leverage their wealth to enhance their personal and financial freedom is a core part of what we do. To support you on this journey, [we offer a range of tailored services](#). Whether you're a real estate investor, entrepreneur, business owner, high-net-worth individual, or someone who aspires to be all of these, we're committed to helping you identify and achieve your financial goals and objectives.

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