Snapshot of Presidential Candidates' Tax Policy Positions*

Topic	Current Law	Harris Plan	Trump Plan	Possible Compromise with Divided Government
Income tax on tips	Tips are fully taxable, like other forms of earned income.	Make tips completely tax-exempt.	Make tips completely tax-exempt.	This is an issue both sides agree on, so it would likely be included in some fashion in a bipartisan tax bill.
Social Security tax withholdings	6.2% of wages up to $160,200 for 2023 and $168,600 for 2024 is withheld for Social Security. This means that a maximum of $9,932.40 was withheld from an individual's wages in 2023, and a maximum of $10,453.20 will be withheld in 2024. Self-employed individuals essentially pay twice this amount. The annual limit increases every year due to inflation.	Increase the maximum wage amount subject to Social Security withholding to $400,000. This would make the maximum Social Security withholding amount per year $24,800. The social security component of self-employment tax will increase to a maximum of $49,600.	In the 2020 election campaign, Trump promised to completely eliminate FICA taxes, which consists of Social Security and Medicare. He has not proposed any changes to FICA since 2020.	This is something that has been discussed for many years, and nothing has ever changed aside from the standard annual increase due to inflation. Either of these changes are highly unlikely to be made.
Income tax on Social Security benefits	If other income is greater than $44,000; 85% of the Social Security benefits received are taxable.	No changes have been announced.	Eliminate tax on Social Security benefits entirely.	The $44,000 threshold has never been adjusted for inflation since being set in 1993. There may be bipartisan support to increase this amount to relieve the tax burden of lower/fixed income retirees.
Deductible car loan interest	Interest on a loan for a personal automobile that is not used for business purposes is not deductible.	No changes have been announced.	Allow interest deduction for personal car loans as an incentive for people to buy cars, which will stimulate the automobile industry.	Prior to 1986, interest on automobile loans along with interest on other personal loans was available as an itemized deduction. The Tax Reform Act of 1986 limited personal interest deduction to only home mortgage interest as well as home equity loans. This was done to eliminate the incentive for taxpayers to incur reckless amounts of debt that they could not pay back. It is possible that Congress could have similar objections to such a proposal.

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Tax-exempt overtime pay	For federal income tax purposes, overtime pay is treated exactly the same as regular wages and is fully includable in taxable income.	No changes have been announced.	Make overtime pay tax-exempt.	This would be extremely complicated to implement from an administrative standpoint, as well as from an enforcement perspective. This would be very much prone to manipulation and abuse, resulting in shifting income to this income class. Additionally, such a proposal would result in a significant and unpredictable decrease in tax revenue, hampering its chances of approval in Congress.
Income tax on American citizens living abroad	Currently American citizens are taxed on their worldwide income regardless of where they live.	No changes have been announced.	Eliminate "double taxation" for Americans overseas.	The specifics of this proposal are unclear, as the foreign tax credit is specifically designed to prevent double taxation. Also, since no specifics have been given on this proposal, it is also unclear how what the tax revenue impact would be, which would be a major factor in Congress's ability to approve such a policy.
Long term capital gains and qualified dividends	Most realized long-term capital gains and qualified dividends are taxed at graduated preferential rates based on the taxpayer's taxable income, ranging from 0-20%.	Long-term capital gains and qualified dividends of taxpayers with taxable income of more than $1 million would be taxed at 28%.	No changes have been announced.	Harris' proposed increase in the capital gains tax is modest when compared to Biden's proposed 39.6%. There may be bipartisan support for a limited increase in a divided government, in exchange for a tax break elsewhere.
Net investment income tax (NIIT)	Individuals with incomes over a $200,000 single, $250,000 married filing jointly, are subject to a 3.8 percent tax on net investment income.	Increase the additional Medicare tax rate by 1.2 percentage points (to 5%) for taxpayers with more than $400,000 of earnings	No changes have been announced.	Republicans would likely have very little appetite for an increase in the NIIT rate, unless it was packaged with some major Democratic concession. This is unlikely to advance in a divided government.
Income tax based on net worth	Federal income taxes are entirely based on realized income. An individual's net worth has no impact on their federal income tax liability.	Impose a 25% minimum tax on taxable income, which would include unrealized gains (see below), for all taxpayer's with a wealth greater than $100 million.	No changes have been announced.	Such a tax is unprecedented in the United States and would have very little chance of passage in a divided government.

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Unrealized gains	Capital gains/losses are recognized upon the sale or disposal of an asset. The appreciation in the value of an asset that is held over time is known as the "unrealized gain" and is not taxable. Additionally, the basis in assets that are inherited from a decedent are stepped-up at the time of death to the fair market value.	For individuals with a net worth greater than $100 million (see above), unrealized gains will be included in taxable income taxed at a minimum rate of 25%. For such high-net-worth individuals, this would essentially eliminate the ability to have the tax basis in an asset stepped-up at the time of death.	No changes have been announced.	Perhaps the middle ground would be to tax unrealized capital gains only on assets with a readily determined market value, such as stocks and bonds. A bipartisan compromise could also possibly limit the amount that basis can be stepped up at death for assets with a nonreadily determinable fair market value.
U.S. corporate tax rate (C-corporations)	Flat 21% on taxable income.	Increase to flat 28% rate.	Decrease to flat 15% rate.	Since this is a permanent provision of the TCJA, and both sides disagree, it will most likely be left at 21%.
Business startup cost deduction	Up to $5,000 is deductible for a new business's startup costs in the year of inception. Any startup costs in excess of $5,000 are amortized over 15 years. If total startup costs exceed $50,000, the $5,000 immediate deduction is reduced dollar-for-dollar of the total amount over $50,000 and is amortized over 15 years.	Increase the immediate deduction from $5,000 to $50,000. They have not elaborated on the current total $50,000 startup cost threshold that reduces the immediate deduction, but presumably that will increase as well.	No changes have been announced.	This is a relatively new proposal. There has not been a substantial research as to how much this could cost the federal government in tax revenue. It is currently unknown whether Congress will be receptive to this idea, though both parties like to be seen as supportive to small business.
Like-kind exchange (1031 Exchange)	Gain on the sale of real property can be deferred if the proceeds are used to purchase a "like-kind" property. Currently there is no limit to the gain amount that can be deferred nor to the amount of times you can exchange like-kind property to continue to defer the gain.	Limit the amount of gain that is able to be deferred to $500,000 per person. ($500,000 for single taxpayers and $1 million for taxpayers that are married filing jointly.)	No changes have been announced.	This proposal was included in the Biden administration's 2025 revenue proposals, but has not been discussed significantly. This could have bipartisan support.

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International tax: Global intangible low-taxed income (GILTI) Foreign-derived intangible income (FDII) deduction Base erosion and anti-abuse tax (BEAT)	GILTI – 10.5% tax rate (13.125% beginning in 2026) on foreign sourced income controlled by U.S. citizens or U.S. corporations FDII – Results in effective tax rate of 13.125% (16.406% beginning in 2026) on sales to foreign customers for taxpayers with U.S. Intellectual property BEAT – 10% tax rate (12.5% beginning in 2026) on base erosion payments made by U.S. corporations to foreign related parties	Increase GILTI tax to 21% (same as domestic C-corp rate). Repeal FDII deduction. Make this type of income subject to the same tax rate as all other corporate income. Replace BEAT with "undertaxed profits rule," which will essentially disallow deductions for BEAT payments to avoid profit shifting to foreign entities	No changes have been announced.	These provisions were part of the TCJA, but unlike the provisions listed below, they are not set to expire in 2026. All were part of a broader change made by the TCJA, in which U.S.-based multinational corporations are no longer taxed on their worldwide income; rather, they are taxed on their territorial income. The goal of this policy change was to eliminate the ability for corporations to defer tax liability on foreign profit until repatriated to the U.S. The Harris plan for these specific provisions is to essentially revert the broader foreign income policy back to the worldwide tax system. Perhaps raising these rates higher than what they currently are while still less than the 21% corporate rate would be a viable compromise.
Tax Cuts and Jobs Act (TCJA) provisions (See below for specific provisions)	Most provisions of the 2017 TCJA are set to expire in 2026. (One notable exception is the decrease in C-corp tax rates which is permanent, see above)	Allow TCJA provisions to expire.	Extend TCJA provisions to 2026 and later years, most notably the qualified business income deduction.	When the TCJA was originally enacted, most provisions were only temporary due to how significantly it decreased tax revenue. Due to budgetary constraints, it is possible that Congress might not have the ability to extend these provisions even if Trump is elected.

Candidates' Positions Regarding Specific Provisions of the TJCA*

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Individual, trust and estate income tax brackets	Highest tax bracket is 37%.	Revert to tax brackets in place prior to the TCJA, when the highest bracket was 39.6%.	Extend TCJA and keep current law.	For the year 2024, the 37% bracket only applies to people making over $600,000 ($731,000 for joint filers), which is indexed for inflation. As lowering the highest bracket significantly decreased tax revenue, it is likely that a bipartisan Congress will agree to let this provision sunset to gain political capital elsewhere.
Net operating losses (NOLs)	NOLs can only be carried forward to future years, not carried back as was previously the case before the TCJA. Also, NOLs are limited to 80% of total taxable income before taking the NOL into account. The 80% limitation did not exist prior to the TCJA.	No changes have been announced. TCJA changes to NOL's were permanent, so current law would remain.	Extend TCJA and keep current law.	Neither candidate has addressed NOL's during their 2024 campaign, so action looks unlikely.
Mortgage interest deduction	The deduction for interest paid on a mortgage for one's primary residence as an itemized deduction is partially phased out if the principle balance exceeds certain amounts. If the mortgage was acquired in 2017 and prior, the amount is $1,000,000; if it was acquired after 2017 the amount is $750,000.	No changes have been announced. Once TCJA sunsets, the limitation will revert back to $1,000,000.	Extend TCJA and keep current law.	This is something that is not widely spoken about by either candidate, and it is difficult to determine what will happen with it. A bipartisan Congress will most likely allow this provision of the TCJA to sunset and revert back to the $1 million threshold.
SALT deduction limit	State and local taxes as an itemized deduction are limited to $10,000.	No changes have been announced. Once TCJA sunsets, this provision will be eliminated.	Trump has stated that while he wants to extend the TCJA, he wants to eliminate this provision and allow the full amount of all state and local taxes to be deducted as an itemized deduction.	This has always been a highly contentious provision of the TCJA, but was a necessary inclusion in order to balance out the lost tax revenue from the tax cuts of other provisions. While this proposal has some bipartisan support, in the event that other provisions of the TCJA are extended, Congress is less likely to eliminate this provision due to budgetary constraints. Perhaps an increased limitation is possible in a divided government.

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Child tax credit (CTC)	$2,000 per child under 17 years old. Up to $1,600 per child is refundable.	Make permanent the temporary provisions of the American Rescue Plan Act of 2021, in which this credit increased to $3,600 for children ages two to five -years old, and $3,000 for children ages six to 17 years old. These credits were completely refundable. Additionally, the campaign has proposed adding a credit of $6,000 for the birth of a newborn, and for dependents of one year of age, which presumably will also be fully refundable.	JD Vance has stated he supports a $5,000 credit per child, but expressed skepticism about getting congressional approval for it. He did not elaborate on how much would be refundable. Trump has stated that he supports raising the child tax credit amount, but has not publicly elaborated or provided specifics.	While there is some bipartisan support for an increased child tax credit, any increase would cost the federal government a significant amount of tax revenue. Prior to the TCJA, the CTC was limited to $1,000 per child, rather than the $2,000 under the TCJA. With a divided government, it is likely that the $2,000 credit under the TCJA would be extended, though any increases in amount or refundability would likely be nominal.
Estate tax	The TCJA doubled the threshold amount on the value of an estate that is subject to the federal estate tax to $13,610,000 for the year 2024. It is important to note that this threshold amount is per person, so for a married couple that makes a DSUE (deceased spouse's unused exclusion) election, a taxable estate of less than $27,220,000 will not owe any federal estate taxes. The top rate on estates is 40% of any amount $1 million or more over the threshold.	Decrease the threshold to $3.5 million and increase the top rate to 65% on estates valued over $93 million.	Extend TCJA and keep current law.	It is unlikely for a divided government to find compromise in the threshold amounts. Once the TCJA sunsets, the threshold amount will reset to approximately $7 million. Perhaps a bipartisan Congress would use another bracket of 50% above the 40% bracket to pay for cuts elsewhere.

It is important to note that the table above was compiled from various sources, including excerpts from speeches and interviews, as well as official statements the candidates have made to the public. Both official websites for the respective candidates were reviewed to ensure that any additional proposed policies listed there were included in the table. This table is designed to describe in a nonpartisan and unbiased manner the current tax policies of the candidates, including new ideas introduced up to the date of publication.

It is also important to note that every proposed tax policy change would require congressional approval. At this juncture, it is impossible to say how likely or unlikely any proposed tax policy is to be approved by Congress. It is also possible for a proposal to be modified by Congress before they approve it. The content within the column labeled "Possible Compromise with Divided Government" is purely speculative, and includes the Duane Morris Tax Accounting Group's thoughts on ways in which both sides might meet in the middle on a divided policy proposal.

*Candidates listed in alphabetical order