TAX FOUNDATION

How do Clinton's and Trump's Tax Plans Compare?

	Clinton	Trump
10-YearGDP Growth	-2.6%	6.9/8.2%
10-Year Capital Investment Growth	-7.0%	20.1/23.9%
10-Year Wage Rate Growth	-2.1%	5.4/6.3%
Added Jobs (millions)	-.697	1.807/2.155
10-Year Static Revenue Estimate (billions)	$1,427	-$4,368/-$5,906
10-Year Dynamic Revenue Estimate (billions)	$663	-$2,640/-$3,932

Note: We have not modeled either Jill Stein's nor Gary Johnson's tax plans due to a lack of sufficient detail.
Source: Tax Foundation Taxes and Growth model, October 2016.

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2016 PRESIDENTIAL TAX PLANS

Individual Tax Provisions

Clinton

- Creates a 4 percent "surcharge" on high-income taxpayers, which would apply to AGI above $5 million.
- Enacts the "Buffett Rule," which would establish a 30 percent minimum tax on taxpayers with adjusted gross income (AGI) above $1 million. The minimum tax would phase in between $1 million and $2 million of AGI.
- Limits the value of all itemized deductions except the charitable deduction, as well as certain tax expenditures, to a tax value of 28 percent.
- Adjusts the schedule for long-term capital gains by raising the top rate on medium-term capital gains to between 39.6 percent and 20 percent.
- Limits the total value of tax-deferred and tax-free retirement accounts.
- Limits the tax benefit of like-kind exchanges.
- Taxes carried interest at ordinary income tax rates instead of at capital gains and dividends tax rates.
- Expands the Child Tax Credit by providing an additional $1,000 for children under 5 years old. The expanded CTC would phase in starting at the first dollar of income (under current law it begins phasing in at $3,000).
- Provides additional tax relief for families by providing a 20 percent credit for caregiver expenses, and up to $5,000 in tax relief for excessive healthcare costs.

Trump

- Consolidates the current seven tax brackets into three, with rates on ordinary income of 12 percent, 25 percent, and 33 percent (Table 1).
- Adapts the current rates for qualified capital gains and dividends to the new brackets.
- Eliminates the head of household filing status.
- Eliminates the Net Investment Income Tax.
- Increases the standard deduction from $6,300 to $15,000 for singles and from $12,600 to $30,000 for married couples filing jointly.
- Eliminates the personal exemption and introduces other childcare-related tax provisions.
- Makes childcare costs deductible from adjusted gross income for most Americans (above-the-line), up to the average cost of care in their state. The deduction would be phased out for individuals earning more than $250,000 or couples earning more than $500,000.
- Offers credits ("spending rebates") of up to $1,200 a year for childcare expenses to lower-income families, through the earned income tax credit.
- Creates new saving accounts for care for children or elderly parents, or school tuitions, and offers a 50 percent match of contributions (not modeled).
- Caps itemized deductions at $100,000 for single filers and $200,000 for married couples filing jointly.
- Taxes carried interest as ordinary income.
- Eliminates the individual alternative minimum tax.

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2016 PRESIDENTIAL TAX PLANS

Business & Other Tax Provisions

Clinton

- Establishes a "financial risk" fee on large banks.
- Cuts taxes for small businesses by expanding expensing (Section 179), increasing the number of businesses that are eligible for cash accounting, quadrupling the size of the startup deduction from $5,000 to $20,000, creating a small business "standard deduction," and expanding the Affordable Care Act (ACA) credit for small businesses.
- Reforms the Net Investment Income Tax (NIIT) and self-employment taxes (SECA) taxes, by broadening the NIIT tax base to include more business income.
- Eliminates fossil fuel tax expenditures.
- Establishes business tax credits for profit-sharing and apprenticeships.
- Enacts business tax reform in order to fund new infrastructure spending, although details have not been specified.
- Reduces the estate tax exemption amount to $3.5 million ($7 million for married couples) and enacts progressive rates on estates, with a top rate of 65 percent on estates worth $1 billion ($500 million for singles) or more.
- Taxes unrealized gains at death for high-income taxpayers, with exemptions for certain businesses.
- Enacts a tax on high-frequency trading, at an unspecified rate.

Trump

- Reduces the corporate income tax rate from 35 percent to 15 percent.
- Eliminates the corporate alternative minimum tax.
- Allows firms engaged in manufacturing in the U.S. to choose between the full expensing of capital investment and the deductibility of interest paid.
- Eliminates the domestic production activities deduction (section 199) and all other business credits, except for the research and development credit.
- Enacts a deemed repatriation of currently deferred foreign profits, at a tax rate of 10 percent.
- Increases the cap for the tax credit for employer-provided day care under Sec. 205 of the Economic Growth and Tax Relief Reconciliation Act of 2001 from $150,000 to $500,000 and reduces its recapture period from 10 years to 5.
- Eliminates federal estate and gift taxes but disallows step-up in basis for estates over $10 million.