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The field for next year's presidential derby is crowded and prospective candidates have started jockeying for position. One of the main issues that can set these politicians apart is tax reform. Some candidates have already unveiled detailed proposals, others have spoken in generalities and still others remain uncommitted,

at least at this writing. But sooner or later, you can expect serious challengers to step

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federal income tax brackets from six to three with a top tax rate of 28 percent, more than 10 percentage points below the current top rate of 39.6 percent. The bottom rate would be an unspecified single digit rate. He would pay for the individual tax cuts through cutbacks and eliminations of various tax deductions and credits. Also, Christie would authorize a one-time repatriation holiday for U.S. companies at an 8.75 percent rate.

Hillary Clinton: The clear Democratic frontrunner and former U.S. Secretary of State has focused her tax plans on capital gains. Clinton would replace the current system with a maximum 20 percent rate on long-term gains from assets held longer than one year with one featuring rates of 39.6 percent to 20 percent under a graduated holding period spanning six years. In addition, she would allow a 0 percent capital gains rate for qualified small business stock (QSBS) held more than five years and investments in certain low-income communities. Finally, Clinton has supported a permanent reinstatement of the research credit and would authorize two new business credits, one for employers who train workers and another for those allowing employees to share in profits.

Rand Paul: Perhaps the most vocal tax reform advocate, Paul, the Republican firebrand senator from Kentucky, would completely revamp the existing tax code. One of the centerpieces of the overhaul would be a 14.5 percent flat tax on individuals and businesses. The tax rate for individuals would apply equally to all forms of personal income – ranging from wages to capital gains and dividends to other types of investment income – while the first \$50,000 of income for a family of four would be exempt. A 14.5 percent tax would apply to business income (less qualified expenses like office rent and equipment). Paul would also repeal payroll taxes and all estate and gift taxes.

Rick Perry: Although details are still sketchy, the former Republican Texas governor has proposed an alternative tax system that could be used in lieu of the current

system. The changes would be phased in and eventually become mandatory. Under

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repeal the alternative minimum tax (AMT) and revamp the Earned Income Tax Credit (EITC). On the business side, the Republican senator from Florida would provide full and immediate expensing, tax corporation and pass-through entities at the same 25 percent rate and repeal provisions deemed to be “extraneous.” Finally, Rubio would allow the dozens of tax law provisions that expired last year to lapse without any extensions.

Bernie Sanders: The maverick Democratic Vermont senator recently introduced the “Responsible Estate Tax Act” lowering the \$5 million inflation-indexed estate tax exemption (\$5.43 million in 2015) to \$3.5 million, while raising the top estate tax rate from 40 percent to 55 percent. He would also scale back the annual gift tax exclusion (which is \$14,000 per recipient in 2015). In previous years, Sanders has proposed taxing long-term capital gains and dividends received by the top-earning 2 percent of taxpayers at ordinary income tax rates.

Rick Santorum: The Republican, who served as a senator of Pennsylvania, has promised to release a tax plan that will “end the IRS as we know it.” Based on prior proposals from his 2012 campaign, Santorum’s would cut the six tax brackets down to two of 10 percent and 28 percent, reduce the capital gains rate and completely wipe out estate taxes. For businesses, Santorum has previously advocated a lower corporate income tax rate (0 percent for U.S. manufacturers), immediate expensing and tax-free repatriation of overseas profits for reinvestments in the U.S. economy.

Donald Trump: The high-profile business mogul, currently a leading Republican candidate who might run as an independent, has not released any detailed tax proposals. But Trump did speak years ago in general terms about installing individual tax rates ranging from a low of 1 percent to a high of 15 percent, repealing both the corporate income tax and estate tax, reducing the tax rate on capital gains

and dividends and imposing a 20% tax on imported goods and a 10 percent tax on

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