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tax proposals.

Jan. 11, 2017



With the inauguration only a week away, many voters are wondering what Trump's presidency means for taxes, and whether he will follow through with his pre-election tax proposals.

**Obamacare and Taxes:** Many hoped repealing the Affordable Care Act (ACA), or Obamacare, would be one of Trump's first acts as president. Of course, an equal number of voters feel the opposite. Shortly after Trump met with President Obama,

he announced the Affordable Care Act would not be removed outright, but

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**Trump's Simple Tax Plan:** Trump purposed simplifying taxes. Currently, we pay between 10% and 39.6% in income tax, depending on how much we earn. Rather than using the current 7-tiered plan, Trump whittled it down to a 3-tiered income tax plan.

#### **Rate    Income**

- 12%    \$0-\$37.5K single, \$75K jointly
- 25%    \$37.5K-\$112.5K single, \$75K-\$225K jointly
- 33%    \$112.5K single, \$225K jointly

**Raising the Standard Deductible:** Trump plans to reduce or eliminate schedule A deductibles and exemptions by replacing them with a higher standard deduction. Deductions for local and state taxes, mortgage investments, charitable donations, and medical expenses could all disappear under Trump's new policy. To offset these losses, Trump plans to raise standard deductible rates from \$6,300 for individuals and \$12,600 jointly, to a standard rate of \$15,000 for individuals and \$30,000 jointly. This would also remove the Head of Household option.

**Corporate Tax Cut:** Perhaps the most significant tax change in Trump's plan includes his large corporate tax cut. Currently, the U.S. has one of the highest corporate tax rates in the world, in spite of steadily decreasing taxes since 1950 when rates were nearly 50%. Trump plans to reduce corporate taxes by lowering current rates from 35% to 15% with the hope that companies will reinvest.

For more information on changes that could affect your taxes, [contact us](#). At Klein Hall, we stay informed on all current and changing tax regulations.

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