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What Another Trump Presidency Means for Tax Policy in 2025 and Beyond

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With President-elect Donald Trump winning a second term in the November 5 election, we have a clearer picture of what tax policies will be at the forefront of discussions as we head into 2025 and the scheduled expiration of many Tax Cuts and Jobs Act (TCJA) provisions. While Trump has not released a detailed tax plan, he has commented on several areas of tax law and policy, making it possible to get a good idea of the direction tax policy may take next year.

Republicans also gained control of the Senate and will have a small majority in the chamber in 2025. As of the date of publication of this article, control of the House has yet to be called. Even if Republicans retain control of the House, passing tax legislation may still be challenging. Unless the legislative filibuster is eliminated from Senate rules, any tax law changes will likely still have to be passed through the budget reconciliation process. If the Democrats manage to gain control of the House, passing tax legislation to advance Trump’s policies would become much more difficult and will require much more bipartisan negotiating.

Although it remains to be seen what specific legislative proposals will emerge, businesses and individuals should pay close attention to how Trump’s proposed policy preferences could alter their total tax liabilities.

The tables below outline current tax law and policy, as well as expected potential future tax policies under a Trump administration. Four separate tables cover provisions for business tax, international tax, individual tax, and estate, gift, and GST tax. All data is based on information released or discussed by Trump as of November 8, 2024.

BUSINESS TAX PROVISIONS

PROVISION	PRESENT LAW	PRESIDENT-ELECT TRUMP'S POLICY PROPOSAL
Corporate income tax rate (Sec. 11)	21% (permanent)	Decrease rate to 20%; 15% for companies that manufacture in the U.S.
University endowment tax (Sec. 4968, as added by the TCJA)	Certain private colleges and universities subject to 1.4% excise tax on their net investment income	Increase rate on universities with substantial endowments
Carried interest (considered by some as compensation) (Sec. 1061, as added by the TCJA)	Treated as long-term capital gain (top rate 20%) if held over three years (TCJA), otherwise ordinary rates (expires after 2025)	Extend the present-law rule
Qualified opportunity zone investments (encourage long-term investment in economically distressed areas) (Secs. 1400Z-1 and 1400Z-2)	Certain deferred capital gains treatment if gains from sale of other assets are reinvested in a qualified opportunity fund (QOF) within 180 days; reduction of gain if held for five or seven years (10 or additional 5%) (expires after 2025)	Extend the present-law rule
Like-kind exchanges (Sec. 1031)	The TCJA limits exchanges to real property only, excluding personal property from like-kind exchange treatment (limitation expires after 2025)	Extend the TCJA real estate limitation
Qualified business income deduction (Sec. 199A, as added by the TCJA)	20% deduction for certain qualified business income (expires after 2025)	Extend the deduction

BUSINESS TAX PROVISIONS

PROVISION	PRESENT LAW	PRESIDENT-ELECT TRUMP'S POLICY PROPOSAL
Limitation on excess business losses for non-corporate taxpayers (Sec. 461(l), as added by the TCJA and extended through 2026 by the American Rescue Plan Act of 2021 and extended through 2028 by the Inflation Reduction Act of 2022)	Non-corporate taxpayers cannot deduct excess business losses above \$578,000 (2023, married filing jointly) or \$289,000 (other), with excess as net operating loss carryforward (250K and 500K indexed)	Repeal the limitation (as was done in the CARES Act)
Bonus depreciation (Sec. 168(k), as added by the TCJA)	Businesses may immediately deduct a certain percentage of the cost of eligible assets in year placed in service (after Sept. 27, 2017), with the amount phasing down, 80% 2023, 60% 2024, 40% 2025, 20% 2026, then zero	Reinstate and make permanent (or extend) 100% bonus depreciation
Energy-related provisions – fossil fuels <ol style="list-style-type: none"> 1. Percentage depletion (Sec. 613) 2. Expensing of intangible drilling and development costs (Sec. 263(c)) 	<p>Sec. 613 - Allows certain fossil fuel producers to deduct a percentage of gross income from resource extraction</p> <p>Sec. 263(a) – allows oil and gas companies to immediately deduct costs associated with drilling and preparing wells</p>	Retain fossil fuel tax preferences
Green energy tax provisions <ol style="list-style-type: none"> 1. Clean vehicle credit (Sec. 30D) 2. Clean electricity production credit (Sec. 45Y) 3. Clean fuel production credit (Sec. 45Z) 4. Energy investment credit (Sec. 48) <p>These provisions were added by the Inflation Reduction Act of 2022 (IRA)</p>	<p>Sec. 30D – credit for purchasing electric vehicles</p> <p>Sec. 45Y – credit for electricity produced from clean sources</p> <p>Sec. 45Z – credit for the production of clean fuels</p> <p>Sec. 48 – investment tax credit for renewable energy production</p>	Repeal generally the energy credits and other IRA incentives

INTERNATIONAL TAX

PROVISION	PRESENT LAW	PRESIDENT-ELECT TRUMP'S POLICY PROPOSAL
Foreign-derived intangible income (FDII) (Sec. 250)	Intended to encourage sale of goods and services to foreign markets, it permits U.S. corporations to claim a reduced rate on income derived from exports; rate is 13.125% of eligible income, increasing to 16.4% after 2025	Extend the 13.125% rate
Global intangible low-taxed income (GILTI) (Sec. 951A)	Intended to prevent U.S. multinational corporations from shifting profits to low-tax foreign jurisdictions by imposing a minimum tax on certain foreign earnings of U.S. corporations; rate is 10.5%, increasing to 13.125% after 2025	Extend the 10.5% rate
Base erosion and anti-abuse tax (BEAT) (Sec. 59A)	Intended to prevent large multinational corporations from eroding the U.S. tax base with deductible payments (interest, royalties, etc.) to foreign affiliates in low-tax jurisdictions; BEAT imposes additional tax on certain corporations that make large payments to foreign-related parties to discourage profit shifting; generally applies to corporations with annual gross receipts of \$500 million or more/three-year period; 10% rate, increasing to 12.5% after 2025	Extend the 10% rate

INDIVIDUAL TAX

PROVISION	PRESENT LAW	PRESIDENT-ELECT TRUMP'S POLICY PROPOSAL
Individual income tax rates (Sec. 1)	Individual tax rates include: 10, 12, 22, 24, 32, 35, and 37%; expire after 2025 and revert to pre-TCJA rates	<p>Extend or make permanent these rates; replace individual income tax with increases in tariffs</p> <p>Approximately \$2.2 trillion is collected in federal individual income taxes; some estimates put a corresponding replacement tariff rate at nearly 58% on imported goods of nearly \$4 trillion</p>
Capital gains tax rates (Sec. 1(h))	<p>Capital gains rates currently:</p> <p>Short-term rates are ordinary rates</p> <p>Long-term rates (plus net investment income tax): Zero for taxpayers with income up to \$94,050 (married filing jointly, "MFJ"), \$47,025 (single, "S"), and \$63,000 (head of household, "HOH")</p> <p>15% for taxpayers with income between \$94,051 to \$583,750 (MFJ), \$47,026 and \$518,900 (S), and \$63,001 and \$551,350 (HOH)</p> <p>20% for taxpayers with income over \$583,750 (MFJ), \$518,900 (S), and \$551,350 (HOH)</p> <p>Collectibles – 28%</p> <p>Qualified small business stock – may exclude up to 100 % of gain, otherwise at 28%</p> <p>Unrecaptured Sec. 1250 gain – maximum 25%</p> <p>Expire after 2025</p>	<p>Reduce the top long-term capital gains rate to 15% to encourage investment</p> <p>The purchase price of assets would be indexed for inflation</p>

INDIVIDUAL TAX

PROVISION	PRESENT LAW	PRESIDENT-ELECT TRUMP'S POLICY PROPOSAL
Social Security benefits (Sec. 86)	<p>Zero % taxed if combined income (adjusted gross income + nontaxable interest + half Social Security benefits) is below \$32,000 (MFJ) or \$25,000 (S)</p> <p>Up to 50% taxed if combined income between \$32,000 and \$44,000 (MFJ) or \$25,000 and \$34,000 (S) Up to 85% taxed if combined income over \$44,000 (MFJ) or \$34,000 (S)</p>	Exempt all Social Security benefits from income tax
Tip income (Secs. 61 and 6053 – reporting to employer)	Tip income is taxed under Sec. 61 and reported to employers monthly under Sec. 6053	Exempt tip income from federal tax in an effort to increase workers' take-home pay
Overtime pay (Sec. 61)	Subject to income and employment taxes	Exempt overtime pay from income and employment taxes
Standard deduction (Sec. 63)	For 2024, \$29,200 (MFJ), \$14,600 (S/married filing separately or "MFS"), \$21,900 (HOH); if 54 or older/blind, increased by \$1,550 (MFJ) or \$1,950 (S/HOH); increased amounts expire after 2025	Extend the increased amounts/make permanent
Personal exemptions (Sec. 151)	Zero for 2018 through 2025	Extend elimination of the personal exemption amounts/make permanent
Alternative minimum tax (AMT) exemptions and phase-outs (Sec. 55)	Exemptions in 2024: \$126,500 (MFJ), \$60,250 (S/HOH), \$63,250 (MFS); phase-out of AMT: \$1,156,300 (MFJ), \$578,150 (S/HOH), \$578,150 (MFS); increased amounts expire after 2025	Extend increased amounts/make permanent

INDIVIDUAL TAX

PROVISION	PRESENT LAW	PRESIDENT-ELECT TRUMP'S POLICY PROPOSAL
Itemized deductions (Sec. 63)	<p>Medical/dental if exceed 7.5% adjusted gross income</p> <p>Mortgage interest for home acquisition debt up to \$750,000 (\$375,000 MFS)</p> <p>Charitable contributions generally up to 60% AGI</p> <p>Casualty and theft only if attributable to federally declared disaster Miscellaneous itemized suspended from 2018 to 2025</p>	Extend itemized deduction limitations/make permanent
SALT deduction (Sec. 164) (so-called "SALT cap")	Limited to \$10,000 (\$5,000 MFS) of state and local income, property, and sales taxes	Eliminate the SALT cap
Mortgage interest deduction (Sec. 163)	Homeowners may deduct interest paid on home loans on first \$750,000 of debt (\$375,000 MFS) (was \$1 million and \$500,000 for mortgages originated before Dec. 15, 2027 (TCJA))	Extend/make permanent the TCJA limits
Child tax credit (Sec. 24)	Up to \$2,000 per qualifying child under 17 at year end; up to \$1,700 refundable; phased out \$50 for each \$1,000 of modified AGI above \$400,000 (MFJ) or \$200,000 (S)	VP-Elect Vance suggested increasing to \$5,000 per child regardless of income level

ESTATE, GIFT, AND GST TAX

PROVISION	PRESENT LAW	PRESIDENT-ELECT TRUMP'S POLICY PROPOSAL
Estate, gift, and generation-skipping transfer (GST) tax (Subtitle B)	<p>Lifetime exemption amount \$13.61 million, rate 40%</p> <p>Exemption amount reverts to approximately \$7 million in 2026</p> <p>40% rate is permanent unless changed with legislation</p>	Extend TCJA exemption amount increase and maintain 40% rate