



## U.S. consumer financial agency's backers seek to fight for it in court

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In the first four days of Donald Trump's presidency, he's already addressed a number of issues he promised to during his campaign. One of those is his promise to slash the tax rate for individuals and American businesses.

While it's still too early to draw many conclusions, here are several key takeaways if his current plans are passed into law.

**Business Taxes.** President Trump has proposed a corporate tax rate of 15%, down from 35%, and a repeal of the alternative minimum tax. These two changes would greatly impact the current corporate tax landscape. His business tax reduction is also being proposed for so-called "pass-through entities" such as S corporations, LLCs and partnerships. The specifics of how this will impact pass-through entities are unclear for now. Trump has also indicated he would like to lower corporate tax rates to make them comparable to those in other countries and discourage businesses from relocating their operations overseas. His reductions in corporate tax rates could stimulate an increase in corporate reinvestment and trigger growth and expansion within the U.S. This summary was provided by Whitcomb & Hess, a CPA and financial advisement firm based in Ashland, Ohio.

**Individual Taxes.** A key aspect of Trump's tax reform proposal is reducing the number of income tax brackets from seven to three, which will make it simpler for individuals to file their taxes. He says he wants a reduction in the top individual tax bracket from about 40% to 33%. He also has proposed eliminating the alternative minimum tax as well as the 3.8% Medicare tax on individuals.

**Standard Deductions.** Under Trump's plan, standard deductions will be increased. This is the flat amount of money that tax filers can deduct from their returns each year rather than take itemized deductions. The new standard deductions will be \$15,000 for a single filing and \$30,000 for a joint filing. Personal exemptions will be eliminated as will the head-of-household filing status. In addition, Trump's plan will cap itemized deductions at \$200,000 for married-joint filers or \$100,000 for single filers.

The Republicans' blueprint for reform offers advantages to Americans beyond the mere reduction in taxes, according to Chris Edwards, director of tax policy at the Cato Institute.

He told FOX Business, "The benefits of tax reform for the average family won't be just the tax reduction, but also the higher wages and incomes stemming from greater business investment and hiring. The Tax Foundation found that the Trump plan would raise U.S. wages by about 6%. So for workers earning \$50,000 a year, that would be a substantial \$3,000 annual wage boost."