



2020 Presidential ELECTION

Business Tax Policies of the Major Candidates

October 1, 2020

Tax regulations likely influence many of your business decisions—how to structure your enterprise, where to establish operations, expansion plans and workplace policies, to name a few. Below is a high-level comparison of the proposed tax policies of President Trump and former Vice President Joe Biden that could affect businesses and business owners.

Note: The Tax Cuts and Jobs Act (TCJA) of 2017 included many of President Trump’s tax initiatives—some of which are set to expire in 2025. If re-elected, his primary tax objective will likely be to make these provisions permanent. As such, President Trump hasn’t introduced many new proposals as part of his re-election campaign. But he has offered ideas on several tax topics, which we’ve incorporated into the chart. More information about his policies may be released at a later date.

Additionally, the information in this chart is current as of the date it was written and is subject to change without notice. There are no guarantees that any of the proposals will be enacted into law regardless of the election outcome.

President Trump	Current Tax Law	Former Vice President Joe Biden
Maintain current rules	Corporate Tax Rate 21% tax rate No alternative minimum tax	Raise rate to 28% Restore alternative minimum tax on corporations with book profits of \$100 million or more
Extend current deduction limits set to expire under TCJA	Qualified Business Income Deduction (Section 199A deduction) 20% of eligible taxpayer’s qualified business income plus 20% of qualified real estate investment trust dividends and qualified publicly traded partnership income	Phase out the deduction for taxpayers with more than \$400,000 in income
Extend the 100% bonus depreciation Maintain the deduction for research and development expiring in 2021 Create new deductions for small businesses, restaurants and the tourism industry	Business Tax Deductions & Depreciation 100% bonus depreciation for qualified property acquired and put in service between September 27, 2017 and December 31, 2022 Residential rental property depreciable over 27 1/2 years Commercial and industrial property depreciable over 39 years	Increase the depreciable life of rental real estate Eliminate like-kind exchanges for real estate under Internal Revenue Code Section 1031 Create incentives to encourage Opportunity Zone Funds to partner with nonprofit and community organizations

President Trump	Current Tax Law	Former Vice President Joe Biden
No proposed changes to 401(k) plans	Retirement Plans Pretax participant contributions that are taxable upon withdrawal Tax-deductible employer contributions	Replace the upfront tax breaks with flat-tax credits (referred to as “equalizing” 401(k) plans) Expand access to automatic 401(k) plans for individuals not currently covered by a plan at work
Forgive 100% of Social Security payroll taxes deferred from September 1, 2020 to December 31, 2020	Social Security Payroll Taxes 12.4% tax that is split between employers and employees No Social Security payroll taxes on wages above \$137,700	Subject wages below \$137,700 and above \$400,000 to Social Security payroll taxes
No proposed changes to the incentives	Energy Tax Incentives Tax credits for oil and “green” energy (solar, wind) production	Repeal fossil fuel subsidies Expand incentives for residential and commercial energy efficiency
No proposed changes to the current rules	International Taxation Deferral of taxes of offshore subsidiary profits until the funds are repatriated	Repeal TCJA incentives for multinational companies Claw-back public investments and tax benefits when a company closes U.S. locations and moves operations overseas

Planning for Year-End and 2021

Our tax planning specialists and business advisory group have extensive knowledge of federal and state tax laws. They can help you evaluate your current business strategy and create a plan that can be “switched on” if any of the above proposals come to fruition. Contact a Cerity Partners advisor or visit ceritypartners.com to learn more.

View comparison of [proposed tax policies for individual taxpayers](#).

Article Contributors:

[Brett Dearing](#)

[Steve Walker, CPA](#)

[Erica Cameron, CFP®](#)

Sources: www.shrm.org, Trump and Biden Envision Different Paths to Retirement Security; Wolters Kluwer, Tax Policies of the Major Presidential Candidates

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