

CGA Symposium
Coffee with Counsel Agenda C. 2.

The following information is collected from projections, prognostications and outright guesses, so none of it is confirmed at this time.

Projected Corporate tax reforms:

For C-Corps:

Increase the federal corporate tax rate from 21 percent to 28 percent;

For S-Corps, sole proprietorships, and partnerships:

Increase top marginal income tax bracket (\$452.7K for single filers, \$509.3K for joint) from 37 percent to 39.6 percent;

Apply 3.8 percent Net Investment Income Tax (NIIT) to active pass-through business income above \$400,000.

Tax long-term capital gains and qualified dividends as ordinary income for taxpayers with taxable income over \$1 million;

Tax unrealized gains at death above \$1 million (for single filers, \$2M for joint, plus current law capital gains exclusions of \$250K/\$500K for primary residences);

Impose a 15 percent minimum tax on corporate book income, levied on a firm's financial profits instead of taxable income (for firms with revenue over \$100 million)

President Biden's American Families Plan:

Proposed doubling the capital gains rate (from 20% to 39%) and eliminating the "stepped-up income tax basis" at death, which allows heirs to sell inherited assets without capital gains tax. The repeal of the "stepped-up income tax basis" provision, which Biden has characterized as a "loophole", will not happen as it has been in the Tax Code for more than 100 years and is supported by many tax and political considerations.

Further: To date, there has been no announced plan to change the estate tax exemption of \$11.7 million per person. Large estates would be susceptible to capital gains tax liability on top of estate tax; however, this may not impact many privately-owned small businesses.