

Reduce the amount of property sheltered from estate tax (exemption amount) from \$11.7 million to \$3.5-\$5 million, increasing the number of estates subject to tax at death.

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Eliminate the 20% qualified business income (QBI) deduction for incomes exceeding \$400,000.

Raise estate tax rates from 40% to at least 45% for estates exceeding the exemption amount.

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TOP 10

President Biden's proposals, if enacted, will have a big impact on many planning strategies. Keep an eye on these proposals so that you're prepared to work with your clients accordingly.

Tax Proposals to Keep an Eye On

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Cap itemized deductions to 28% for taxpayers earning more than \$400,000.

Eliminate step-up in basis for property passing at death.

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Increase the top tax rate to 39.6% for incomes exceeding \$400,000.

Tax capital gains and qualified dividends at ordinary income rates of 39.6% for individuals with income over \$1,000,000.

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Raise the corporate income tax from 21% to 28% and adding a 15% minimum book tax for large corporations which will likely effect stock market behavior.

Replace the above the line deduction for qualified retirement plan contributions with a flat 26% refundable credit, equalizing the tax benefit for low and high-income earners.

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Impose an additional 12.4% Social Security payroll tax on income over \$400,000, evenly split between employer and employee, creating a "donut hole" in the Social Security tax where wages between the wage base (currently at \$142,800) and \$400,000 are not subject to this aspect of payroll taxes.

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