

**Philadelphia Estate Planning Council**  
**Tax Updates – November 2016**  
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**GUIDANCE FROM THE IRS:**

**Rev Rul. 2016-26, 2016-45 IRB - November 2016 Rates:**

- Section 7520 Rate: 1.6%
- Annual Short Term AFR (0-3 years): .68%
- Annual Mid Term AFR (3-9 years): 1.33%
- Annual Long Term AFR (over 9 years): 2.07%

***President-Elect's Tax Plan:***

Donald Trump will become the next President of the United States of America on January 20, 2017. Republicans hold majorities in the house and Senate. The Senate majority is currently less than 60 members, so some negotiation is likely. The house GOP tax plan and Trump plans differ significantly in some areas.

*On the estate tax:*

The Trump Plan will repeal the death tax, but capital gains held until death and valued over \$10 million will be subject to tax to [sic] exempt small businesses and family farms. To prevent abuse, contributions of appreciated assets into a private charity established by the decedent or the decedent's relatives will be disallowed.

*On individual income taxes:*

- The current seven brackets will collapse to three
- The current capital gains structure will be maintained (top rate 20%)
- Carried interest will be taxed as ordinary income
- 3.8% "Obamacare" tax will be repealed
- Introduces significant above the line child care credit keyed to state average cost
- The standard deduction will increase, personal exemptions and head of household will be removed
- Itemized deductions will be capped at \$200,000 for married filers or \$100,000 for single filers
- AMT will be eliminated

*On business taxes:*

- Corporate AMT will also be eliminated
- Business tax rate will be reduced from 35 to 15%
- Repatriated offshore profits will be taxed at a one-time rate of 10%
- Most corporate tax expenditures will be eliminated except for the Research and Development credit
- Changes for employer provided childcare

***New Jersey Estate Tax Repeal:***

- New Jersey has repealed its Estate Tax for Decedents dying on or after Jan. 1, 2018
- Increases Exclusion Amount from \$675,000 to \$2,000,000 for Decedents dying on or after Jan. 1, 2017