

Overview of the Administration's Proposed Tax Plan from 20,000 Feet

Below is an outline of the Administration's Proposed Tax Plan as presented by National Economic Council Director Gary Cohn and Treasury Secretary Steven Mnuchin. The central feature of the White House's plan would be a big reduction in tax rates for virtually all Americans and businesses.

1. Eliminate the seven existing income tax brackets and replace them with three brackets, containing new rates of 10 percent, 25 percent, and 35 percent, based on someone's income. Which income levels would be impacted by the higher tax brackets has not been specified.
2. Roughly double the standard deduction that Americans can use to reduce taxable income. The deduction for married couples would move from \$12,600 to \$24,000, providing an incentive to people not to itemize their tax returns and instead use the standard deduction, simplifying the process and potentially saving taxpayers thousands of dollars each year.
3. Eliminate the alternative-minimum tax.
4. Repeal the estate tax immediately.
5. Virtually eliminate all tax deductions that Americans claim, provisions that they argued primarily benefited wealthier Americans. This includes the tax deduction for the state and local taxes people pay each calendar year. These taxes can be significant in states with higher taxes, such as California and New York.
6. Preserve tax breaks that incentivize home ownership, retirement savings, and charitable giving.
7. Lower the corporate tax rate from 35 percent to 15 percent, and also allow smaller businesses, structured in such a way that they are affected by the individual tax rate, to also use the 15 percent threshold.
8. Propose a one-time tax "holiday" to incentivize companies to bring several trillion dollars currently being held in other countries back into the United States.