

TAX TAKE: Trump Talks 2025 Taxes

Tax Alert

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As the presidential campaign heats up and all of Washington becomes consumed by the first debate later this week, let's take a closer look at presumptive Republican presidential nominee Donald Trump's tax policy proposals, including some recent ideas that sparked media interest.

First, it can be said that the current tax system bears the stamps of both Trump and President Biden. Trump's term saw the enactment of the Tax Cuts and Jobs Act (TCJA), with major parts of the 2017 law set to expire next year. President Biden signed into law [a major portion of his tax agenda](#) under the Inflation Reduction Act (IRA).

It's no surprise that both candidates are running to protect their legacy tax laws and, in some cases, erase their opponents' legislative tax achievements. Trump's top priority is to extend the individual and business tax provisions otherwise [set to lapse in 2025](#).

Trump recently called for lowering the corporate tax rate from 21 percent to 20 percent. Moving the corporate rate up or down has a major impact on federal revenue. The Congressional Budget Office (CBO) [says](#) each percentage point increase in the corporate rate raises about \$130 billion over 10 years. However, should Trump return to the White House, a proposal to lower the corporate rate may receive some pushback from both sides of the aisle. According to House Ways and Means Committee Chairman Jason Smith (R-MO), [some Republicans in the House think corporate taxes should go up, not down](#). Close tabs are warranted on this key issue.

Additionally, Trump met privately with House Republicans on Capitol Hill earlier this month and reportedly floated the idea of entirely replacing income tax revenue with an equal amount of border tariffs. Trump's affinity for tariffs is well-established, but the idea of a whole new tax paradigm based on border revenue drew criticism from many. Treasury Secretary Janet Yellen was [quick to point out problems](#) with the idea, which she said would require tariffs above 100 percent. In any case, the idea appears to have been little more than an off-the-cuff observation, rather than a serious proposal.

Trump has also proposed excluding all tips from income tax. This populist idea may sound new, but former Rep. Ron Paul (R-KY) ran on the same idea back in 2012, when he was aiming for the Republican nomination. Like Trump, [Paul also chose Nevada](#), with its vast service-driven economy, to pitch the idea.

The administrability of not taxing tips would be complicated and likely induce at least some amount of income shifting to the tip baskets. Nonetheless, Trump's tax-free tip plan found interest among some Republicans. Sen. Ted Cruz (R-TX) quickly [introduced a bill](#) to exclude tips from income with support from Sen. Steve Daines (R-MT), who sits on the Finance Committee. Even key Senate Democrats held their fire. "I'm always for workers getting a fair shake," said Senate Finance Committee Chairman Ron Wyden (D-OR). "Let's see what is proposed."

Perhaps we'll even hear more on taxes [this Thursday](#), when Trump and President Biden meet on the debate stage. **#TaxTake**

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