

Taxes in a Trump Administration

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TCJA and the new Trump Administration

In 2017, a Republican-led Congress and the first Trump Administration, passed and signed into law an overhaul of the American tax code, known as the Tax Cuts and Jobs Act (TCJA). While changes were made to both business and personal tax codes, a number of those provisions were only temporary changes set to expire between 2025 and 2028. In a [report](#) released in May 2024, the Congressional Budget Office (CBO) projected that extending the full TCJA law without offsets could cost around \$4.6 trillion. Arguments have been made that extending the TCJA tax cuts do not need to be offset.

Throughout his 2024 campaign, President-elect Trump made it clear that he intended to make the 2017 tax breaks permanent and push for even further cuts with several suggestions being discussed from lowering the individual tax rates further to dropping the corporate income tax rate which currently sits at 21% as a result of TCJA. It is important to note that while promises were made on the campaign trail, there will be a number of fiscal hurdles ahead for President-elect Trump and the 119th Congress leadership to overcome with razor thin majority margins. Some intra-party politics could also affect the incoming President's priorities as fiscal hawk Republicans will raise the concern over adding to the deficit and what the overall pay-fors will be.

119th Congress and Committee Leadership

Looking towards the 119th Congress, committee leadership within the two committees of jurisdiction, the Senate Finance Committee and the House Ways and Means Committee, will likely remain unchanged. Sen. Mike Crapo (R-ID) is set to take his first committee gavel as Chairman of the Senate Finance Committee and Rep. Jason Smith (R-MO) is expected to keep his position of Chairman of the House Ways and Means Committee with Republicans expected to take the House majority. Across the aisle, we do not expect to see a change with Sen. Ron Wyden (D-OR) and Rep. Richard Neal (D-MA) both maintaining their long-standing committee leadership roles within the Senate and House, respectively.

As for down dais membership of the powerful committees, in the House we will only see four seats open on the Ways and Means Committee, two for the Republicans and two for the Democrats, all due to retirements by former committee members. Over in the Senate, the Republican side of the committee was not affected by the 2024 election with the two Senators up for reelection reclaiming their seats. The same cannot be said for the Democrats on the Finance Committee with three retirements, two election losses, and a placeholder, or caretaker, filling a down dais spot.

Key Agriculture Provisions to Watch

While the discussion has largely been around extending the entire package of TCJA tax provisions, some additional policies were discussed by President-elect Trump on the

campaign trail. These policy proposals are likely to be discussed during the 2025 tax debate.

- **Corporate Tax Rate** - On the campaign trail, President-elect Trump promised to lower the corporate tax rate from 21% to 20%, and even lower to 15% for companies that make their products in America, if elected.
- **Estate Tax** - The Trump campaign has promoted making the estate tax cuts from the 2017 TCJA permanent.
- **Expanded Tax Brackets and Individual Tax Rates** - Discussions during the campaign included making the expiring individual tax cuts from TCJA permanent and offsetting the revenue from personal income taxes with increased tariffs.
- **Biofuels Tax Credit** - During the campaign, Trump stated that he would rescind Inflation Reduction Act (IRA) of 2022 funding for climate-related activities, which would potentially include key biofuels tax policies like 40B and 45Z.
- **199A Qualified Business Income Deductions** - No policies proposed.
- **Section 179 Expensing** - No policies proposed.
- **Bonus Depreciation** - No policies proposed.
- **1021 Like-Kind Exchanges** - No policies proposed.
- **Capital Gains Rate** - No policies proposed.
- **R&D Expensing** - No policies proposed.
- **Stepped-up Basis** - No policies proposed.