



Income Tax Provisions

On September 15th new tax law legislation was introduced in the House and Senate. Many of the provisions echo the previously released versions with a top income tax bracket of 39.6%. Capital gains taxes are also set to go up from 20% to potentially 25+%. Any capital gains over \$400,000 of income will be taxed at 39.6%. The 39.6% tax rate may also apply to pass-thru income which may encourage more C-Corporations.

With various phase-outs, the total tax rate in high tax states may rise to 71%. There will be a 3% surtax on any individual's income over \$5,000,000 and for trusts this will apply to any income over \$100,000.

There are:

- \$273 billion dollars in tax breaks for renewable energy
- \$42 billion of which is for electric vehicles
- \$15 billion in tax breaks for a green workforce
- \$150 billion in grants to encourage power companies to provide clean electricity from renewable sources.

NEW TAX LAW UPDATE

Estate Taxes

Estate taxes will go up as the unified credit amount that can be passed estate tax free goes from \$11.7 million in 2017 to \$5,000,000 indexed for inflation in 2021 or 2022.

New grantor trusts will now be included in the grantor's estate upon death. Existing grantor trusts may be included in the estate if additional changes or even contributions are made to the trust.

The new tax bill is expected to raise \$2.9 trillion dollars with the remaining \$600 billion being raised through long term economic growth.

Some of these provisions will be changed prior to passage. In addition, the bill contains some retroactive provisions that could apply to January 1, 2021 or September 15, 2021 the date of introduction. Other provisions would take effect on January 1, 2022.

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