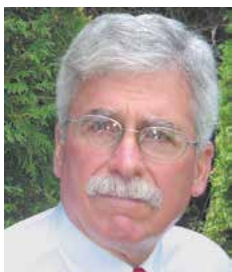


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Breaking down the candidates' tax platforms

By JULIANNE MOSHER

You may be wondering what will happen with your taxes after this election. While it's difficult to predict the future, experts in taxes and economics are willing to offer their crystal-ball breakdown depending on which presidential candidate wins next month.



MARTY CANTOR

This election year, COVID-19, the racial divide, wealth and income inequality and the state of the economy have been the hottest topics, said Marty Cantor, director of the Long Island Center for Socio-Economic Policy.

"What's interesting is that taxes have not been an issue in this campaign until now," he said. "I've been following politics since the 1960s and this is unlike any other campaign. I've never seen the country this divided... taxes are the least of it."

But that doesn't mean taxes won't come into play depending on the winner. Michael Ceschini of Ceschini CPAs broke down what each candidate would mean when it comes to your tax return and paystub, especially when we have to revisit what happened during 2020 with the COVID-19 pandemic. He said the three big issues relate to estate, income and corporate tax laws.

"There's no such thing as a free lunch,"

Ceschini said. "The PPP loans come from taxpayer dollars, and we always ask, 'How do I get to keep as much money in my pocket?'"

That's where the divide begins. Incumbent President Trump claims to want to keep taxes low, while former Vice President Joe Biden has discussed raising them for some Americans. Biden has called for increasing taxes on households with more than \$400,000 in income, while Trump has proposed "cutting taxes to boost take-home pay."

"You have to pay attention to these things," Ceschini advised. "What can we do to pay the least responsibly?"



MICHAEL CESCHINI

And that means doing your homework. Ceschini's firm broke down several bullet points for what can be expected. For example, with corporate tax, Trump said he will lower the corporate tax rate from 21% to 20%. Biden said he will raise the tax rate from 21% to 28% and require C corporations with over \$100 million in book income to pay the greater of normal corporate tax liability or 15% of book income.

"That's a big difference between Trump and Biden," he said. "For big business, 7% is a lot to them."

Ceschini said the SALT Act, or the Tax Cuts and Jobs Act, was tough on Long Islanders. The legislation trimmed individual income tax rates across the board, but roughly doubled the standard deduction and curbed certain itemized deductions. That included applying a \$10,000 limit on the state and local tax deduction.

"A lot of people don't understand why they had to pay," Ceschini said.

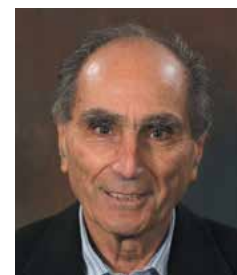
Estate taxes raise questions: "Trump's tax exemption is set to expire December 2025 and go back to the old tax plan," Ceschini said. "Someone's estate of \$50 million, their heirs could be paying 50% or more."

Biden plans to increase the capital gains tax. "The capital gains tax could be huge," Ceschini said. "But if people could lower their tax rates, there will be more money for them to use."

The current maximum long-term capital gains tax rate is 20% for a single household with more than \$441,451 in taxable income.

Depending on the outcome, the new tax laws won't go into effect until next year at the earliest, but that doesn't mean you shouldn't start planning. "It's hard to start planning after something takes place," Ceschini said. "If you think tax rates are going up next year, we won't know until after the election.... It's not political, it's dollars and cents."

"We advocate for our clients," he said. "What would I do for myself or my parents? It's important to work with someone you can trust and who's up to date on all the



MARTIN MELKONIAN

current information."

Ceschini added that knowledge really is power. "Do your own reading and ask questions," he said. "Plan and meet with your advisors earlier than later. Reach out to them now."

And it might seem like a lot of information to take in, especially when other issues remain in the forefront. Economics Professor Martin Melkonian at Hofstra University said that regardless of who wins the presidential election, state and local governments are in very bad shape.

"It's going to be very difficult one way or another," he said about the 2020 election. "It'll be challenging either way."

Melkonian added that if President Trump wins again, his second term will be a continuation of what has already been done, an approach similar to President Ronald Reagan in the 1980s. "It was the greatest economy ever," he said. "But not for average people."

His experience in economics tells him it will be hard no matter which candidate wins. "The economy, in my judgement, will contract under Trump," he said. "And the distribution between the wealthy and the middle class will be very different... It won't be good either way."