

# Comparing the Blueprint and the Trump Plan: Five Highlights

<i>Blueprint</i>	<i>Trump Plan</i>
<b>1 Lower Corporate / Investment / Pass-Through Income Tax Rates</b>	
Corporate tax rate of 20% and elimination of corporate alternative minimum tax (AMT).	Corporate tax rate of 15% and elimination of corporate AMT.
Investment income generally taxed at 16.5% and elimination of 3.8% net investment income tax for individuals.	Maximum rate of 20% on long term capital gains and qualified dividend income for individuals.
Special 25% rate on distributive share of business income allocable to partners/members in pass-through entities.	Unclear, but indications of an elective 15% entity level tax for at least some pass-through entities.
<b>2 Interest and Other Deductions</b>	
Investments in tangible and intangible assets (other than land) can be fully expensed in the year incurred.	Manufacturing firms may elect to fully expense capital investments in the year incurred.
No net interest deduction, for related or unrelated party debt, with net interest expense instead being carried forward indefinitely to offset interest income.	A manufacturer that elects to immediately expense capital investments may not deduct interest.
"Special interest" deductions are eliminated, but the R&D credit remains in place.	Domestic production and other business credits are eliminated, but the R&D credit remains in place.
<b>3 Territorial System</b>	
Going forward, foreign earnings of US multinationals are generally exempt from US tax regardless of whether those earnings are held offshore or repatriated.	It is not clear that a traditional territorial system would be enacted under the Trump Plan.
<b>4 One-Time Tax</b>	
The existing, deferred foreign earnings of US multinationals are subject to a one-time tax of 8.75% (for earnings held in cash and cash equivalents) and 3.5% (for other earnings), each payable over eight years.	The existing, deferred foreign earnings of US multinationals are subject to a one-time tax of 10% (for earnings held in cash) and 4% (for other earnings), each payable over 10 years.
<b>5 Destination-Based Cash Flow Tax (DBCFT)</b>	
Businesses are taxed on cash flow rather than income. Border adjustments are imposed that are intended to subject imports to full tax while exempting exports. Net effect is a business tax that is akin to a tax on US consumption.	There is no indication in the Trump Plan that a similar border adjustment tax would be enacted, though possibly a border adjustment tax would dovetail with some of the trade concerns the Trump Administration has raised.