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### **Other key points to consider when developing your comprehensive tax strategy:**

- Americans will be able to take an above-the-line deduction for children under age 13 that will be capped at state average for the age of the child. This deduction also applies for eldercare for a dependent. This exclusion will not be available to taxpayers with total income over \$500,000 for a married-joint taxpayer or \$250,000 for a single taxpayer.
- Most Americans will benefit from the increased standard deduction; however larger families may see an increase in their taxes due to the elimination of the personal exemptions. Families of more than four people may see more of a benefit from the previous administration's system, due to the increase in the standard deduction being less than the personal exemptions they are losing.

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TAX PRACTICE GROUP

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### *A Message from Michael and Kerri*

#### ***How will President Donald Trump's tax plan impact businesses and individuals?***

Since being sworn into office, many business owners and individual taxpayers wonder how President Trump's proposed tax plan would affect them. The question remains, "will my taxes be reduced?" Based on the proposed tax plan of the Republican House and Senate, the structure could look vastly different at the end of 2017. Effective tax planning will make a huge impact on taxpayer's bottom lines in the upcoming years, given what could be the biggest overhaul to the U.S. Tax Code in decades.

Both Trump and the Republican House agree to reduce the corporate tax rates for 2017. With both a Republican president and House, there's a good chance there will be significant changes to 2017 corporate tax rates, with plans to reduce the corporate tax rate to 15% - previously 35% - and eliminating the alternative minimum tax. Due to the decrease in corporate tax rates, Trump's plan will eliminate most corporate deductions. However the president does plan to continue the research and development tax credit.

Individual taxpayers are also expected to see reduced tax rates in 2017. There are currently 7 different tax brackets for individuals based on their taxable income and Trump proposes to reduce these down to 3 brackets. Trump's plan will eliminate alternative minimum tax at the individual level. This plan would also propose changes in the standard deduction, personal exemptions and above-the-line child care deduction.

Trump and the Republican House also propose to repeal the estate tax. Currently, anything in the estate over \$5.45 million is taxed at 40%. Eliminating the death tax would be a significant change to the tax code.

Please don't hesitate to call us if you have any questions or need any clarification on these potential changes.

Michael Resnick and Kerri Rawcliffe  
Tax Practice Group  
Batchelor, Frechette, McCrory, Michael & Co.

### **TIPS**

- Trump's plan will retain the existing capital gains rate structure (maximum rate of 20%).
- The 3.8% investment income tax is expected to be repealed.
- Trump will increase the standard deduction from \$12,600 to \$30,000 for married taxpayers and \$15,000 for single taxpayers. He also plans to eliminate personal exemptions for individuals as well as the head of household filing status.



**Brooke and Kerri at the RISCPA Winter Networking event with State Representative Nicholas Mattiello, Speaker of the House**

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