Harris vs. Trump: How Would Their Victory Affect Your Taxes?

Changes to tax policy can have a dramatic impact on your finances. When a president signs a new tax law, you may end up keeping or paying more of what you earn and save.

In this article, our tax specialists and financial advisors explain what the election results might portend for your tax liabilities and offer planning suggestions to help keep your financial plan on track no matter who wins.

Policy as Political Carrot

Vice President Kamala Harris and former President Donald J. Trump have proposed numerous changes to the tax code. According to the nonpartisan Tax Foundation, in addition to increasing the top tax rate on long-term capital gains to 28% for taxable income above $1 million, Harris has proposed increasing the net investment income tax (NIIT) to reach 5% on income above $400,000. She also proposed a credit for first-time homebuyers, expanding the child tax credit, and increasing the deduction for start-ups. By contrast, Trump has said he would lower the corporate income tax rate, impose tariffs on imports, exempt Social Security benefits from taxation, and make the individual and estate tax cuts of the Tax Cuts and Jobs Act (TCJA) permanent. And this summary is not exhaustive.

Jim Lebenthal
CFA

Arguably, Harris and Trump are promising tax subsidies that favor specific activities and occupations for political as well as economic reasons. For example, it is probably no coincidence that both candidates pledged to make tips tax-exempt. According to the Tax Policy Center, in the swing state of Nevada, tipped workers account for more than 5% of the workforce. As we enter the final leg of the campaign, and the pressure to woo strategically important blocs of voters intensifies, we can expect more such pledges. As Chief Equity Strategist Jim Lebenthal, CFA, puts it, "We've entered the stage where the candidates promise everything from unicorns to free chocolate chip cookies."

Tax Changes Are Already on Track

As Josh Norman, JD, reminds us, tax changes are slated to go into effect no matter who wins the election. "The tax changes enacted by the TCJA are set to expire in 2025," he explains. "Beginning January 1, 2026, all individual income tax items will reset to pre-2017 levels, some adjusted for inflation. Tax changes to expect include the return of the personal exemption, an increase in most tax rates and brackets, and the standard deduction getting reduced by nearly half." Depending on your situation, these changes may have meaningful impacts. Still, the most significant change on the horizon may be the sunset of the estate tax exemption.

Josh Norman
Senior Associate

Paul Chmielewski
Partner

Paul Chmielewski, who oversees Centralized Estate Services for Cerity Partners, explains: "The federal estate tax exemption amount is currently $13.61 million per individual ($27.22 million for married couples) and is scheduled to increase each year through December 31, 2025. On January 1, 2026, the exemption increases are scheduled to sunset. The sunset, which will happen automatically unless Congress acts, will result in the estate tax exemption amount reverting to the prior $5 million exemption level adjusted for inflation (approximately $7 million per individual and $14 million for married couples)."

Reading the Tea Leaves

While no one can say for certain where taxes are headed, there's reason to expect policy evolution, not revolution, regardless of who emerges victorious in November.

"Yes, of course, there are differences in the policies and the intentions of both parties," says Lebenthal. "But when the election concludes, we're probably, as a nation, going to have declared that we want a divided government, meaning that at least one chamber of Congress is held by a different party than the White House. That is the setup from which good, thoughtful compromises are reached."


Bob Shier
Partner

According to The Associated Press, control of the Senate is likely headed to a 50-50 split with the retirement of independent Sen. Joe Manchin of West Virginia. The House is also a toss-up. "It's statistically improbable that either side is going to have a supermajority," says Bob Shier, JD. "They won't be able to pass legislation without votes from across the aisle, so it's going to be tweaks around estate taxes, tweaks around income taxes—nothing life-altering."

What is the probable fate of the TCJA tax changes? Will Congress simply run out the clock and let them expire? Shier is skeptical. "Each side has a reason to want to negotiate because they will not want to return to some of the provisions under the old rules. For example, before the TCJA, we had a top federal tax rate of 39.6%, the SALT (state and local taxes) deduction was not capped (the TCJA capped it at $10,000), and we had lower income thresholds for when the alternative minimum tax (AMT) would come into play."

"While an uncapped SALT tax deduction sounds like it'd be appealing to the Democrats—especially for their voters in states like California or New York, where income tax rates are approaching 13% or 14%—it isn't the win it might appear," Shier explains. "That's because, if you meet the threshold and are required to pay tax under the AMT provisions, you do not get your SALT deduction anyway because the AMT disallows it. So, the Republicans are not going to want to go back to the 39.6% rate, and the Democrats will get an earful if they go back to the SALT and lower AMT thresholds. It's likely that both sides will be negotiating this thing for quite a while."

Proactive Planning Ideas

Some changes to the tax code can be taken in stride. "If the TCJA is allowed to expire, most taxpayers should plan to resume itemizing their deductions," Norman advises. However, some changes have serious implications for your finances that require a more thorough exploration of your planning options. In these instances, while you want to stay one step ahead, you should not lose sight of the fundamentals and what makes sense for your unique circumstances.

For example, individuals who could have an estate tax problem as of 2026 might want to consider their available planning options now. However, Chmielewski strikes a cautionary note. "In 2012, everybody was concerned that the estate tax exemption was going to decrease from $5 million to $1 million. People made a lot of planning decisions out of fear that they came to regret because, of course, the opposing sides made a deal, and rates stayed at $5 million after all."

The key to proactive planning, say our advisors, is to focus on what is appropriate for you. "Before you take any action, make sure it's something you'd do anyway," advises Chmielewski. "If you are concerned about changes to the estate tax exemption, and you can afford to gift, go ahead and gift. But run the numbers and make sure it makes sense for you first."


Michelle Soto
CDFA®, CFP®

Michelle Soto, CDFA®, CFP® says, "There is a complex decision tree that you need to go through before acting. If you're afraid that income tax rates are going up, perhaps you should do a Roth conversion. If you're working and you have stock options, you might want to explore whether it makes sense to accelerate and exercise your nonqualified stock options." Soto continues, "However, you still need to ask whether you believe in the company's prospects. Do you have cash on hand? The math still needs to pencil out."

"As advisors, our opportunity is to provide balance and perspective for our clients," Soto concludes. "I want to reassure them that no matter what happens, I am keeping their financial plans on track."

WHAT MIGHT CHANGE?

The tax changes enacted by 2017 Tax Cuts and Jobs Act (TCJA) are due to expire at the close of 2025, and the presidential candidates have proposed a slew of tax changes. To demonstrate how these policies might impact your taxes, Cerity Partners created this summary view of current tax rates, the candidates' proposals, and the impact of a tax policy reset to pre-TCJA levels.

	Vice President Kamala Harris	Former President Donald J. Trump	Current	Pre-TCJA Reset
Child Tax Credits	• Increase child tax credit to $3,000-$6,000	• Increase child tax credit to $5,000	• $2,000 per child	• $1,000 per child (lower phaseout than current)
Individual Income Tax	• No increase on households making under $400,000 • Increase Medicare tax to 5% (currently 1.45% paid by employee and 1.45% paid by employer on wages earned) • Expand earned income tax credit • Expand health care premium income tax credits • Expand housing tax credits • Exempt tip income	• Lower and remove personal income tax and replace with tariffs • Make the current TCJA top tax rate of 37% permanent • Exempt Social Security from tax • Exempt overtime pay from tax • Remove $10,000 state and local tax (SALT) deduction cap • Exempt tip income	• Top rate of 37% • Tips are taxable	• Top rate of 39.6% • Tips are taxable
Investment Taxes	• Increase capital gains rate to 28% • Increase NIIT rate to 5%	• TBD	• Capital gains are taxed at 0%, 15%, and 20% based on specific tax brackets • NIIT 3.8%	• Capital gains were taxed at 0%, 15%, and 20% based on taxpayers' overall tax brackets • NIIT 3.8%
Other Items	• Disallow/penalize/tax individual and corporate owners from accumulating multiple single-family rental units • Increase business startup tax deduction from $5,000 to $50,000	• Tax large private university endowments that are currently tax-exempt • Impose a higher tariff on all U.S. imports from China • Impose a tariff on all U.S. imports	• N/A	• N/A

	Vice President Kamala Harris	Former President Donald J. Trump	Current	Pre-TCJA Reset
Estate and Gift Tax	• Lower estate and gift tax exemption to $3.5 million • Increase estate tax rate • Lower gift tax annual exclusion from $18,000 to $10,000 per year • Create a surtax on estates valued over $1 billion	• Make the increased estate and gift tax thresholds from TCJA permanent	• No tax on estates and gifts under $13.6 million per taxpayer	• No tax on estates and gifts under $5 million per taxpayer (adjusted for inflation, ~$7 million currently)
Corporate Income Tax Rates	• Increase corporate income tax rate to 28%	• Decrease corporate income tax rate to 20% and/or 15% with certain exceptions	• 21% (permanent) not sunsetting with the other TCJA changes in 2025	• 35%

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