

Into The Great Unknown



Humans crave certainty, and that is certainly *not* what we have right now during election season, especially where taxes are concerned.

Your clients who support charitable causes may be wondering how the election outcomes might impact their philanthropic plans. You're probably wondering that, too!

Of course, no one has a crystal ball. It is impossible to [predict](#) tax law changes, and that will still be the case to some extent even after the elections. So much can change between a tax proposal and what is ultimately enacted into law. Still, you'd at least like to have a general idea. In that spirit, let's break down at a very high level where the [proposals](#) are trending and what might happen with charitable giving depending on the outcome of the November elections.

Capital Gains Tax

- Donald Trump has not yet formally proposed a new tax policy on capital gains.
- Kamala Harris has called for an [increase](#) on the top long-term capital gains tax rate to 28% for taxable income above \$1 million. This change could translate into more incentive to give appreciated assets to funds at the community foundation and other charities.

Income Tax

- Trump could make income tax cuts [permanent](#). These cuts are currently subject to next year's scheduled sunset of provisions in the 2017 Tax Cuts and Jobs Act. Note that in this scenario, the higher standard deduction under the Act would presumably continue, reinforcing what many have [observed](#) as a chilling effect on charitable donations.
- Harris has [proposed](#) expanding several tax credits, but sources [opine](#) that it is still unclear whether the higher standard deduction would be allowed to sunset.

Estate Tax

- Trump has indicated that he will prevent the estate tax cuts (*ie.*, higher estate tax exemption) from expiring.
- Harris appears to [signal](#) that she would increase estate taxes, perhaps leaning toward the policies laid out in President Biden's Fiscal Year 2025 Budget Proposal, which [modeled](#) tightening the estate tax. If the estate tax exemption were to drop according to the sunset provisions under current law, or if other changes were to increase the estate tax, high net-worth taxpayers would have a greater tax incentive to make large charitable gifts and bequests.

Remember that it's not only the presidential election that will impact tax changes. Passing actual laws depends on the make up of Congress, too.

As always, the team at the Chester County Community Foundation stays on top of legal developments impacting techniques that are a good fit for your clients' charitable planning. We'll keep you posted during election season and throughout the year.

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