

## Trump's tax plan still thin on details

Some further clarity from Trump, but don't forget Congress is in the driving seat.



Source: Shutterstock

### Showcasing ahead of Trump's first 100 days?

In what appears to be a last minute dash to bolster the number of "boxes ticked" in his first 100 days, the Trump administration has presented a one page document outlining goals for tax reductions.

---

*Whether he will succeed with this remains in the hands of Congress*

---

What few details this contains, are more or less in line with pledges made on the campaign trail, and mark President Trump out as one of that rare breed of politicians, who not only mean what they say, but then try to achieve it. Whether he will succeed with this remains in the hands of Congress, with whom all power on fiscal matters lies. But early signals suggest that this fiscal plan will not go the same way as the attempt to repeal and replace Obamacare. That said, we also doubt that it will get through in its entirety.

As it stands, it is hard to see how the goals outlined in the plan will be fiscally neutral, as claimed by Treasury Secretary Mnuchin and Director of the National Economic Council, Gary Cohn. This suggests to us that it is liable to downward modification before it actually passes into law.

## What's new: The fresh details

For the announcement itself, please see the link to the White House Website (click [here](#)).

- **Simplify the tax code:** From 7 brackets to only three (10%, 25% and 35%). And 0% tax on income up to \$24,000. (We do not have the income levels for the other tax brackets)
- **Repeal the Alternative Minimum tax.**
- **Repeal Obamacare tax** and return top rate on capital gains and dividends tax to 20%.
- **Repeal the death tax.**
- **Eliminate tax breaks** – except for charitable giving, and retirement savings.
- **Take the corporate tax rate down to 15% from 35%**, including for pass-through businesses (typically limited liability companies, sole proprietors etc)
- **A one-time tax break for repatriation of overseas earnings**, with a teaser tax rate of only 10%, and make the corporate tax territorial (this sounds like they will eliminate worldwide taxation...).

**15%** Trump's proposed corporate tax rate  
Currently 35%

## Trump will renegotiate, not pull out of, NAFTA

Separately, The Administration also announced that it would not be pulling out of NAFTA, but intends to renegotiate the trade deal with Canada and Mexico. This will be easier when Robert Lighthizer is confirmed in his job as US Trade Representative by a Senate floor vote – this is expected in about two weeks.

## All this relies on Congress

Until more details emerge, and it is clear how much of this plan Congress will endorse, we don't think financial markets will be particularly moved by these plans, though there are some important elements – not least the move to a territorial tax system.

### Author

#### Robert Carnell

Regional Head of Research, Asia-Pacific  
[robert.carnell@asia.ing.com](mailto:robert.carnell@asia.ing.com)

### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group*

*(being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.