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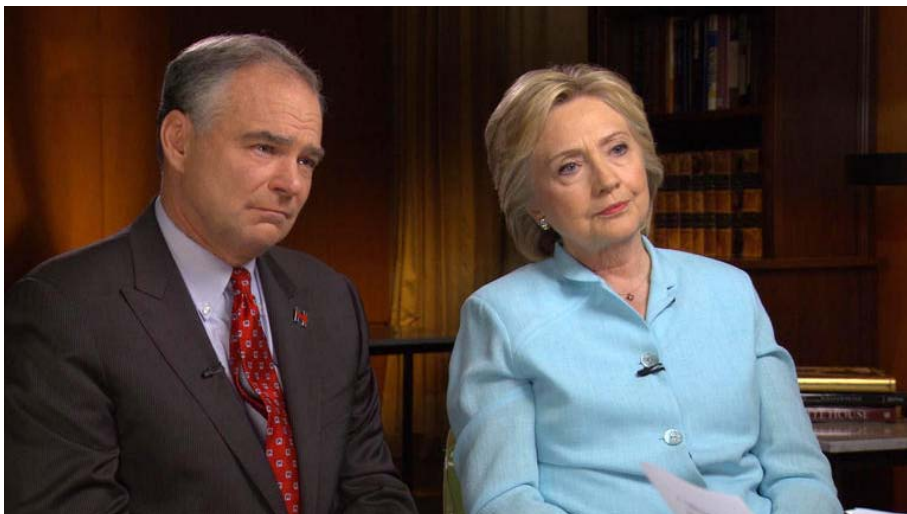
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### Even 'Never Trump' Camp Eyes Clinton's 65% Tax Rate

Some voters say they will move to Canada if Trump is elected. Others say they will move if *Clinton* is elected. People who say they will leave may not be serious, and even if they are, they probably mean a temporary visit.

A few Hollywood stars could make a statement, but they will still have to file their IRS Form 1040 every year with the IRS. Unless you renounce U.S. citizenship, you must still report worldwide income to the IRS. And taxes are big this election year.

In fact, some people now claim that even those in the 'Never Trump' camp could rethink their positions in light of taxes. Trump sure seems to think so. He wants to repeal the estate tax, while Hillary Clinton wants to increase it from 40% to up to 65%. Plainly, [Clinton vowing a 65% estate tax](#) is appealing to Bernie supporters, which seems smart. But the likelihood that most people will face this estate tax rate (even if Congress cooperates and changes the law) is remote. Current law exempts estates worth up to \$5.45 million from tax.



Beyond that, you pay 40%. Ms. Clinton previously called for whittling the \$5.45 million figure down to \$3.5 million, and increasing the 40% tax rate to 45%. But those were modest hikes, and that was then. Now she has

proposed 50%, 55%, and 65% rates. The 50% rate applies to estates worth over \$10 million per person, 55% for estates over \$50 million, and 65% for estates exceeding \$500 million. The new [proposed estate tax plan](#) makes her prior 40% to 45% hike seem inconsequential.

Realistically, we will probably still have an estate tax for years, and probably with the \$5.45 million exemption. Yet there is a good chance the tax could go up and the exemption could go down. As Hillary Clinton proposed in the past, [the Sensible Estate Tax Act of 2016](#) would slash the estate tax exemption to \$3.5 million and raise the tax rate to 45%, as detailed [here](#). President Obama also proposed *no* basis step up on death, as detailed [here](#).

When combined with state estate taxes, the [President's proposal would yield the highest estate tax rate in the world](#). Stephen Moore of the Heritage Foundation calculated that by eliminating basis step up, we would end up with [the world's highest estate tax rate](#). If you add in state inheritance taxes, the combined tax rate could go as high as 68%. This seems to fit in nicely with Hillary Clinton's proposed 50% to 65% tax.

Most estate planning lawyers will say that the really big estates can find ways around many rules to at least materially reduce their impact. Yet planning to avoid the estate tax is expensive, and requires years of planning. The estate tax succeeds at catching many people unaware. It can be a hardship to family companies and family farms. And in that sense, Hillary Clinton may have hurt herself with her high rate proposals, even if few wealthy people are likely to be impacted.

*For alerts to future tax articles, email me at [Wood@WoodLLP.com](mailto:Wood@WoodLLP.com). This article is not legal advice.*