

# Beyond the Ballot: Investment Implications of the U.S. Presidential Election

As the 2024 U.S. presidential election approaches, clients are keen to understand the potential impact of either a Kamala Harris or a Donald Trump victory. In the following tables, we identify the key themes and potential scenarios based on the candidates' statements and our own analysis. Our goal is to provide investors with insights to make informed investment decisions through the election cycle and beyond.

## KEY THEMES FOR 2025: WHAT WOULD EACH CANDIDATE DO?

The 2025 debt ceiling debate looms large, with concerns over debt sustainability and fiscal discipline. Another key theme to watch is the expiration of the Trump tax cuts, with major differences between each candidate's approach.

### KAMALA HARRIS

- Extend **Trump tax cuts for those with incomes <\$400K & revisit corporate tax rate**; expanded child tax credit and paid leave may be priority
- Headline risk, **but limited fiscal space for much higher spending** (i.e., no IRA 2.0)
- **Tactical use of tariffs + export controls**
- **Regulation will continue to be a focus**, but a Republican Senate would moderate this
- **Preserve the Inflation Reduction Act (IRA)**
- **No reform of Medicare or Social Security**

### DONALD TRUMP

- Extend most, if not all, of the **Trump tax cuts** (deficit impact: ~\$4.5 trillion+/10 years)
- **Limited fiscal space for additional tax cuts**
- **Strategic use of tariffs**
  - 60% tariffs on China (currently 10% effective rate)
  - 10% tariff on rest-of-world, including Mexico
  - 100% tariff on Mexican-made cars
- **Deregulation**/absence of new regulation
- **Slow/stop immigration over southern border**; several "day 1" policies possible
- **No reform of Medicare or Social Security**

Source: PIMCO; \*Harris priorities assumed to be similar to those of Biden

**POTENTIAL TAX OUTCOMES WILL DEPEND ON WHO IS IN THE WHITE HOUSE AND WHO CONTROLS CONGRESS**

We've charted potential scenarios for some of the primary personal tax provisions set to expire at the end of 2025, including which elements of the Trump Tax Cuts and Jobs Act will be extended under Harris or Trump, dependent on who controls Congress. While much could change between now and when Congress starts legislating (potentially in the spring of 2025), we believe that under most scenarios, some compromise will be necessary.

**Possible Tax Outcomes under Different Election Scenarios**

Tax Provision	Pre-TCJA	Post-TCJA; expiring 2025	TRUMP		HARRIS	
			Republican Congress	Split Congress	Democratic Congress	Split Congress
<b>Top Rate</b>	<b>39.6%</b>	<b>37%</b>	<b>37%</b>	<b>37%</b>	<b>39.6%</b>	<b>39.6%</b>
<b>Individual Tax Rates / Brackets</b>	10%: \$0; 15%: \$18K; 25%: \$76K; 28%: 153K; 33%: \$233K; 35%: 417K; 37%: Up to \$471K	10%: \$0; 12%: \$19K; 22%: \$77K; 24%: 165K; 32%: \$315K; 35%: 400K; 37%: Up to \$600K	<b>Extend</b>	<b>Extend</b>	<b>Extend for &lt;\$400K</b>	<b>Mostly Extend</b>
<b>State &amp; Local Taxes (SALT) &amp; AMT</b>	<b>Full deduction</b>	<b>SALT capped at \$10K</b>	<b>SALT cap raised (e.g., to ~\$20K)</b>	<b>SALT cap raised (e.g., to ~\$30K+)</b>	<b>SALT cap raised (e.g., to ~\$40K+)</b>	<b>SALT cap raised (e.g., to ~\$40K+)</b>
<b>Estate Tax Exemption</b>	<b>\$5.5mm/person</b>	<b>\$13.6 mm/person*</b>	<b>Extend / Increase (?)</b>	<b>Extend</b>	<b>Extend</b>	<b>Extend</b>
<b>Child Tax Credit</b>	<b>\$1K/child</b>	<b>\$2K/child, refundable up to \$1.6K*</b>	<b>Extend with work requirements</b>	<b>Extend with work requirements</b>	<b>Extend, expand and increase refundability</b>	<b>Extend</b>
<b>Standard Deduction</b>	<b>\$6.5K single/ \$13K married</b>	<b>\$14.6K single/ \$29.2K married*</b>	<b>Extend / Increase (**)</b>	<b>Extend</b>	<b>Extend</b>	<b>Extend</b>
<b>Corporate Tax Rate</b>	<b>35%</b>	<b>21%***</b>	<b>20%</b>	<b>21%</b>	<b>Raise (e.g., ~25%+)</b>	<b>TBD (e.g., stay at 21%, raise to ~25%)</b>

**For Illustrative Purposes Only**

Source: Joint Committee on Taxation; CBO; PIMCO

\*Indexed for inflation since passage of Tax Cuts and Job Acts (TCJA); \*\*Ways and Means Chair Smith (R-MO) has proposed an additional \$4K deduction on top of standard deduction; \*\*\*Corporate tax rate does not expire in 2025

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**Pacific Investment Management Company LLC**, 650 Newport Center Drive, Newport Beach, CA 92660 | 800.387.4626