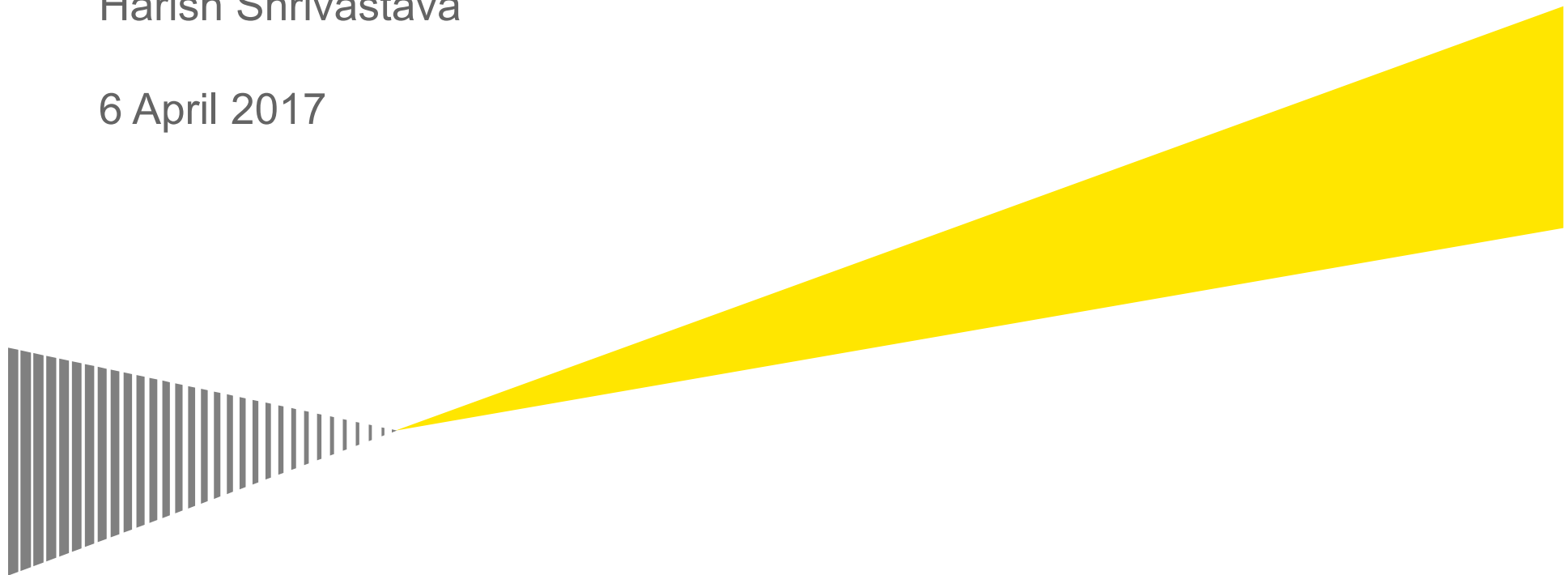


US Individual Tax Updates 2016-2017

Yasuhisa Itabashi
Faisal Majid
Harish Shrivastava

6 April 2017



Agenda

- ▶ US Tax Updates for 2016-17
 - ▶ Tax Brackets, Standard Deduction & Personal Exemption
 - ▶ Foreign Earned Income Exclusion and Housing Deduction
 - ▶ Obamacare Penalties
 - ▶ ITIN Renewal
 - ▶ New FBAR Deadline
- ▶ Hot Topics
 - ▶ Foreign Earned Income Exclusion and Foreign Tax Credit
 - ▶ Handling Delinquent Returns
 - ▶ Totalization Agreement
 - ▶ Fixing America's Surface Transportation Act
 - ▶ State Taxes
- ▶ Trump's Tax Reform
 - ▶ Proposed Changes
 - ▶ Camp II's Mandatory Repatriation

US Tax Updates for 2016-17



Updates from 2015 Tax Brackets

For 2016, tax brackets amount rose by roughly 0.4% in comparison to 0.5% for 2015.

2015

Tax Rate	Single Filers	Married Filers Filing Jointly	Married Filers Filing Separately	Heads of Household
10%	\$0~\$9,225	\$0~\$18,450	\$0~\$9,225	\$0~\$13,150
15%	\$9,226~\$37,450	\$18,451~\$74,900	\$9,226~\$37,450	\$13,151~\$50,200
25%	\$37,451~\$90,750	\$74,901~\$151,200	\$37,451~\$75,600	\$50,201~\$129,600
28%	\$90,751~\$189,300	\$151,201~\$230,450	\$75,601~\$115,225	\$129,601~\$209,850
33%	\$189,301~\$411,500	\$230,451~\$411,500	\$115,226~\$205,750	\$209,851~\$411,500
35%	\$411,501~\$413,200	\$411,501~\$464,850	\$205,751~\$232,425	\$411,501~\$439,000
39.6%	\$413,201+	\$464,851+	\$232,426+	\$439,001+

2016

Tax Rate	Single Filers	Married Filers Filing Jointly	Married Filers Filing Separately	Heads of Household
10%	\$0~\$9,275	\$0~\$18,550	\$0~\$9,275	\$0~\$13,250
15%	\$9,276~\$37,650	\$18,551~\$75,300	\$9,276~\$37,650	\$13,251~\$50,400
25%	\$37,651~\$91,150	\$75,301~\$151,900	\$37,651~\$75,950	\$50,401~\$130,150
28%	\$91,151~\$190,150	\$151,901~\$231,450	\$75,951~\$115,725	\$130,151~\$210,800
33%	\$190,151~\$413,350	\$231,451~\$413,350	\$115,726~\$206,675	\$210,801~\$413,350
35%	\$413,351~\$415,050	\$413,351~\$466,950	\$206,676~\$233,475	\$413,351~\$441,000
39.6%	\$415,051+	\$466,950+	\$233,476+	\$441,001+



Updates from 2015

Standard Deduction and Personal Exemption Amounts

Standard Deduction Amounts

2015

Filing Status	Standard Deduction Amount
Single	\$6,300
Married Filing Jointly	\$12,600
Married Filing Separately	\$6,300
Head of Household	\$9,250
Surviving Spouse	\$12,600

2016

Filing Status	Standard Deduction Amount
Single	\$6,300
Married Filing Jointly	\$12,600
Married Filing Separately	\$6,300
Head of Household	\$9,300
Surviving Spouse	\$12,600

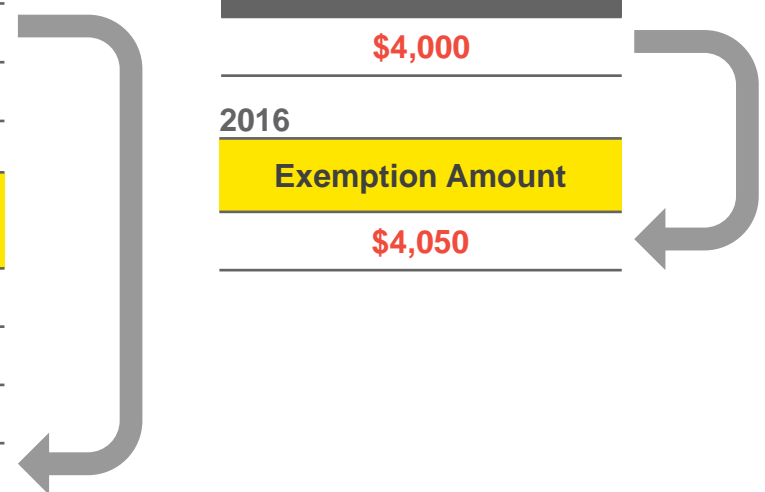
Personal Exemption Amounts

2015

Exemption Amount
\$4,000

2016

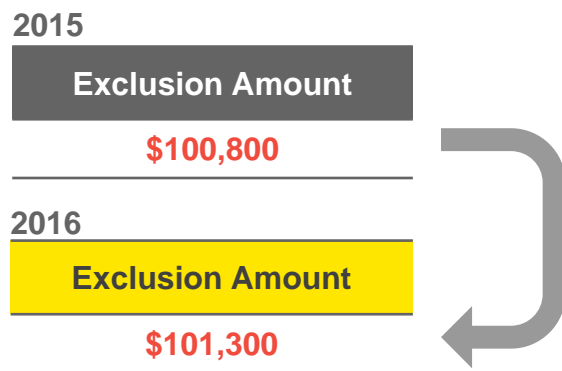
Exemption Amount
\$4,050



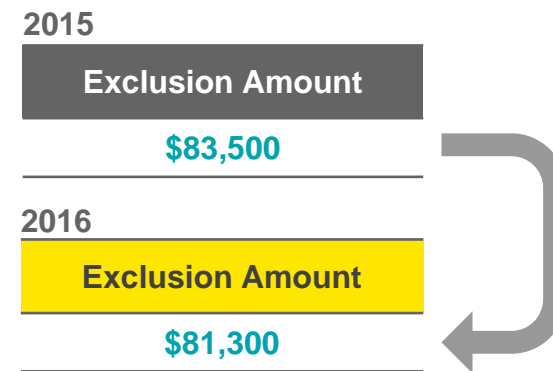
Updates from 2015

Foreign Earned Income Exclusion and Housing Exclusion

Foreign Earned Income Exclusion



Maximum Housing Exclusion (Tokyo)



Contrary to the other updates, the maximum housing exclusion amount for Tokyo decreases year after year: the amount in 2014 was **\$96,000**, and the amount in 2013 was **\$117,100**. Over the past few years, the IRS has been reducing the exclusion amount for several other traditionally high-cost cities such as Geneva, Paris, and London.

Updates from 2015

Increase in Obamacare Penalties

Obamacare (Affordable Care Act)

Starting in 2014 most non-exempt Americans have to maintain a minimum essential coverage throughout each year, get an exemption, or pay a per month fee on their year-end federal income taxes for every month they go without coverage.

Note: If you're covered by an employer-provided health insurance in Japan, you will be considered to meet the minimum essential coverage. However, if you are covered under the Japanese National Health Insurance (Kokumin Kenko Hoken), you will not be considered to meet the minimum essential coverage.

=> Check "Full Coverage" on 2nd page of 1040

If you are a US Citizen or a resident alien abroad and you meet either of the following tests, you will be considered exempt from the minimum essential coverage requirement :

=> Attach Form 8965 "Health Coverage Exemptions"

- ▶ *A bona fide resident of a foreign country for a full tax year*
- ▶ *Physically present in a foreign country or countries for at least 330 full calendar days during a 12 month period*

2015

Obamacare Penalty

Greater of:

- ▶ 2.0% of income above filing limit
- or
- ▶ Per-person amount equal to:
 - ▶ \$325 per adult
 - ▶ \$162.50 per child
 - ▶ Maximum for families of \$975

2016

Obamacare Penalty

Greater of:

- ▶ 2.5% of income above filing limit
- or
- ▶ Per-person amount equal to:
 - ▶ \$695 per adult
 - ▶ \$347.50 per child
 - ▶ Maximum for families of \$2,085

ITIN Renewal

On 4 August 2016, the IRS released guidance to taxpayers affected by ITIN changes.

If your spouse holds an ITIN, he/she needs to renew it if one of the following applies:

1) His/her ITIN is unused.

- ▶ If an ITIN was not used on a federal income tax return in the last three years (2013, 2014, 2015) and will be used on 2016 tax return, ITIN needs to be renewed.

2) His/her ITIN has expired.

- ▶ If an ITIN was issued before 2013, it will begin to expire and thus it will need to be renewed. Those who are affected by this should have started to receive letters from the IRS starting in August, 2016.

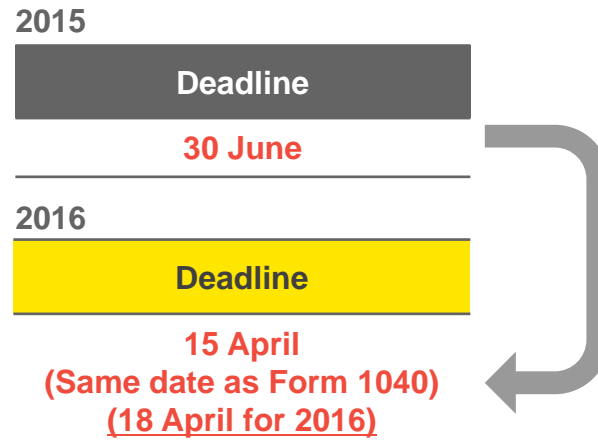
What to do?

To renew an expiring ITIN, submit a completed **Form W-7** (Application for IRS Individual Taxpayer Identification Number) and all required identification documents to the IRS. Form W-7 may be filed with the tax returns, but this method is not recommended due to the possibility of filing and processing delays.

Please note that, as of 1 January 2017, all Certifying Acceptance Agents outside of the US have had their powers revoked and will no longer be able to assist individuals with obtaining an ITIN. Applicants who reside outside of the US may submit their Form W-7 application by mail or to an employee of the IRS or a designee of the Secretary at the United States diplomatic mission or consular post.

FBAR Due Date Change

When to File the FBAR



Additionally, FinCEN will now grant filers failing to meet the FBAR due date an automatic six-month extension to 15 October each year (16 October for 2016). Accordingly, specific requests for this extension are not required.

Note: IRS website clarifies that FBARs should NOT be filed with your tax return.

FBAR Reminder

Q: Who needs to file the FBAR?

A: Taxpayers with an interest in, or signature or other authority over, foreign financial accounts(*) whose **aggregate value** exceeded \$10,000 at **any time during** 2016.

Q: What is a “foreign financial account?”

A: Any bank, brokerage, securities, securities derivatives, insurance with cash value, and other financial instruments accounts located outside of the United States and its territories.

Hot Topics



Foreign Earned Income Exclusion

Foreign Earned Income Exclusion vs. Foreign Tax Credit

- ▶ US citizen and residents living abroad may qualify for the foreign earned income and foreign housing exclusion
- ▶ Once you choose to exclude foreign earned income, you can't take foreign tax credit or deduction for taxes on the income you excluded
- ▶ In some cases, not taking these exclusions/deductions and applying the foreign tax credit is more beneficial
 - ▶ “stacking rule”=any compensation in excess of the exclusion amount is taxed by applying to that excess compensation the tax rates that would have been applicable had the individual not elected the exclusion)

Revocation of the Foreign Earned Income Exclusion

- ▶ Once you choose to claim an revocation, that choice remains in effect for that year and all future years unless it is revoked.
- ▶ If you revoke your choice, you can't claim the exclusion(s) for your next 5 tax years without the approval of the IRS
- ▶ Therefore, careful consideration must be given when revoking the exclusion

Foreign Tax Credit (Cash vs. Accrual Method)

- ▶ Taxpayers can claim the credit for a qualified foreign tax in the year in which you **pay it (cash method)** or **accrue it (accrual method)**.
 - ▶ **Cash Method:** Credits will be taken in the year of payment
 - ▶ **Accrual Method:** Credits will be taken during the year for which it is imposed
- ▶ Accrual Method allows taxpayers living in Japan to take foreign tax credit for their local inhabitant taxes in their first year
- ▶ However, once the Accrual Method is chosen, you must choose the Accrual Method for all subsequent years
- ▶ This may cause adverse tax effects in the first year when moving to countries with non-calendar tax years such as the United Kingdom, Hong Kong, Australia, etc.

Handling Delinquent Tax Returns

Options	Who can use it	What it is	Penalties
2014 Offshore Voluntary Disclosure Initiative (OVDI)	Taxpayers with exposure to potential criminal liability and/or substantial civil penalties due to a willful failure to report foreign financial assets	A submission of tax returns and FBAR from the past 8 years	27.5% of the highest aggregate value of OVDP assets (offshore holdings that are related to tax non-compliance) as well as several other penalties for unreported income
Streamlined Domestic Offshore Procedures (SDOP)	US residents who <ul style="list-style-type: none"> ▶ Don't meet the non-residency requirement* ▶ Can certify that their failure to report all income, pay all tax and submit all required information returns, was due to non-willful conduct, and ▶ Are not under a civil examination or a criminal investigation by the IRS 	A submission of tax returns from the past 3 years as well as FBAR from the past 6 years	5% of the maximum balance/value of the taxpayer's foreign financial assets
Streamlined Foreign Offshore Procedures (SFOP)	US residents who <ul style="list-style-type: none"> ▶ Meet the non-residency requirement* ▶ Can certify that their failure to report all income, pay all tax and submit all required information returns, was due to non-willful conduct, and ▶ Are not under a civil examination or a criminal investigation by the IRS 	A submission of tax returns from the past 3 years as well as report of assets from the past 6 years	None

* Individual US citizens or lawful permanent residents meet the applicable non-residency requirement if, in any one or more of the most recent three years for which the US tax return due date (or properly applied for extended due date) has passed, the individual did not have a US abode and the individual was physically outside the United States for at least 330 full days.

Handling Delinquent Informational Returns

Options	Who can use it	What it is	Penalties
Delinquent FBAR Submission Procedures	<p>Taxpayers who</p> <ul style="list-style-type: none"> ▶ have not filed a required Report of Foreign Bank and Financial Accounts (FBAR) (FinCEN Form 114, previously Form TD F 90-22.1), ▶ are not under a civil examination or a criminal investigation by the IRS, and ▶ have not already been contacted by the IRS about the delinquent FBARs 	A submission of all delinquent FBARs	None (as long as the taxpayer properly reported on their tax returns, and paid all tax on, the income from the foreign financial accounts reported on the delinquent FBARs, and they have not previously been contacted regarding an income tax examination or a request for delinquent returns for the years for which the delinquent FBARs are submitted)
All other Delinquent international Information Return* Submission Procedures	<p>Taxpayers who</p> <ul style="list-style-type: none"> ▶ have not filed one or more required international information returns, ▶ have reasonable cause for not timely filing the information returns, ▶ are not under a civil examination or a criminal investigation by the IRS, and ▶ have not already been contacted by the IRS about the delinquent information returns 	A submission of all delinquent information returns	None (as long as taxpayers certify via a reasonable cause statement that the information returns being filed were not engaged in tax evasion)

*Sample of information return

- ▶ Form 5471 "Information Return of US Persons With Respect To Certain Foreign Corporations"
- ▶ Form 8865 "Return of US Persons With Respect to Certain Foreign Partnerships"
- ▶ Form 3520 "Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts" etc.

US-Japan Totalization Agreement

- ▶ An agreement effective 1 October 2005, between the United States and Japan improves Social Security protection for people who work or have worked in both countries
- ▶ The agreement helps people who:
 - ▶ Would otherwise have to pay Social Security taxes to both countries on the same earnings
 - ▶ Without the agreement, would not be eligible for monthly retirement, disability or survivors benefit under the Social Security system of one or both countries
- ▶ How does this agreement help you **while you work** and **when you apply for benefits**?
 - ▶ **While you work** – If your work is covered by both the US and Japanese Social Security systems, you (and your employer, if you are employed) would normally have to pay Social Security taxes to both countries for the same work. However, the agreement eliminates this double coverage so you pay taxes to only one system
 - ▶ **When you apply for benefits** – You may have some Social Security credits in both the United States and Japan but not have enough to be eligible for benefits in one country or the other. The agreement makes it easier to qualify for benefits by letting you add together your Social Security credits in both countries.

Summary of Agreement Rules

You are working in Japan:	Coverage and taxes
For a US employer who: ▶ Sent you to work in Japan for five years or less	US
For a US employer who: ▶ Sent you to work in Japan for more than five years ▶ Hired you in Japan	Japan (Extension of 3 years may be granted if requirements are met)
For a non-US employer	Japan
For the US government and you are a: ▶ US national	US (either Social Security or federal retirement program)
For the US government and you are a: ▶ Japanese national	Japan

You are self-employed and you:	Coverage and taxes
Worked only in the US	U.S
Normally work in the US but transfer your business activity to Japan for five years or less	US
Work only in Japan	Japan
Normally work in Japan but transfer your business activity to the US for five years or less	Japan

Certification of Coverage

Certificate for Employees

A Certificate of Coverage issued by one country serves as a proof of exemption from Social Security taxes on the same earnings in the other country.

- ▶ **Form USA/J6** – Establishes an exemption from coverage and taxes under the Japanese System
- ▶ **Form J/USA 6** – Establishes an exemption from coverage under the US Social security system

Procedures when you are sent by an US employer to Japan for 5 years or less

1. Your employer in US will apply for your Certificate from the Social Security Administration
2. The certificate should be retained in the Japan employer's files so that it can be presented in the event that the Branch Office of Japan Pension Services asks why you are not covered by the Japanese social security system

Procedures when you are sent by your US employer to Japan for more than 5 years or you are locally hired in Japan

1. Your employer in Japan will apply for a certificate certifying that you are covered by the Japan social security system
2. The certificate should be retained in the employer's files so that it can be produced in the event the IRS questions why no taxes are being paid for the employee

Fixing America's Surface Transportation Act

- ▶ On 4 December 2015, President Obama signed the Fixing America's Surface Transportation Act (FAST Act) into US law, which:
 - ▶ Includes provisions that expand information sharing between the US tax and immigration authorities.
 - ▶ Authorizes the Department of Security to deny, revoke or limit the US passport of a taxpayer with "seriously delinquent tax debt".
 - ▶ "Seriously delinquent tax debt" is defined as an unpaid, legally enforceable Federal tax liability (including interest and penalties):
 - ▶ That has been assessed,
 - ▶ That is greater than \$50,000 (indexed for inflation), and
 - ▶ Against which a notice of lien or levy on assets has been filed
 - ▶ Having a passport revoked under this law is not an expatriating act, and the US citizen will continue to be subject to US taxation unless and until he takes formal action to renounce his US citizenship
 - ▶ The law also requires US citizens to include their social security number (SSN) on passport applications. The Secretary of State is authorized to deny a passport application that does not include a SSN or includes an invalid or incorrect SSN.
 - ▶ The Secretary of State is also authorized to revoke previously-issued passports upon receipt of these applications, but may issue a limited passport to allow the taxpayer to return to the US.

State Taxes

States with no income tax

- Alaska, Florida, Nevada, South Dakota, Texas, Washington
- New Hampshire and Tennessee only tax interest and dividend income

US business trips may trigger state filing requirements

- Spending even one day in certain states may trigger a non-resident filing requirement
- Important to review the state filing requirements for the states you visited for business

Some states consider you a resident if you retain your “domicile” there

- Domicile, in general, is the place which you intend to be your permanent home and to which you intend to return
- Some states provide exceptions to being treated as a resident, even if you retain your domicile in the state
 - Ex: California’s safe harbor rule (546 days)
- Important to review state residency rules when leaving your state

President Trump's Tax Proposal



President Obama's Federal Tax Return

Form **1040** U.S. Individual Income Tax Return **2015** OMB No. 1545-0047 PG Use Only - Do not write or staple in this space

For the year Jan. 1-Dec. 31, 2015, or other tax year beginning 2015, ending 2015

Your first name and initial: **BARACK H.** Last name: **OBAMA**
 If a joint return, spouse's first name and initial: **MICHELLE L.** Last name: **OBAMA**
 Home address (number and street). If you have a P.O. box, see instructions. Apt. no.:
1600 PENNSYLVANIA AVENUE, NW
 City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below.
WASHINGTON, DC 20500
 Foreign country name: Foreign province/state/country: Foreign postal code:

Filing Status: Single Married filing jointly (even if only one had income) Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter this child's name here. Married filing separately. Enter spouse's SSN above Qualifying widow(er) with dependent child

Exemptions: Yourself. If someone can claim you as a dependent, do not check box 6a Spouse Dependent: (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4) If 70 or older (5) If blind or deaf (6) If blind or deaf (7) If blind or deaf (8) If blind or deaf

Income: 7 Wages, salaries, tips, etc. Attach Form(s) W-2: **394,454.**
 8a Taxable interest. Attach Schedule B if required: **348.**
 9a Ordinary dividends. Attach Schedule B if required: **0.**
 10 Taxable refunds, credits, or offsets of state and local income taxes: **0.**
 11 Alimony received
 12 Business income or (loss). Attach Schedule C or C-EZ: **56,069.**
 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here: **-3,000.**
 14 Other gains or (losses). Attach Form 4797
 15a IRA distributions Taxable amount: **0.**
 16a Pensions and annuities Taxable amount: **0.**
 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E
 18 Farm income or (loss). Attach Schedule F
 19 Unemployment compensation
 20a Social security benefits Taxable amount: **0.**
 21 Other income. List type and amount
 22 Combine the amounts in the far right column for lines 7 through 21. This is your total income: **447,880.**

Adjusted Gross Income: 23 Educator expenses: **24.**
 24 Certain business expenses of recipients, performing artists, and fee-based government officials. Attach Form 7106 or 7106-EZ: **25.**
 25 Health savings account deduction. Attach Form 8889: **26.**
 26 Moving expenses. Attach Form 3903: **27.**
 27 Deductible part of self-employment tax. Attach Schedule SE: **751.**
 28 Self-employed SEP, SIMPLE, and qualified plans: **11,064.**
 29 Self-employed health insurance deduction
 30 Penalty on early withdrawal of savings
 31a Alimony paid b Recipient's SSN
 32 IRA deduction
 33 Student loan interest deduction
 34 Tuition and fees. Attach Form 8917
 35 Domestic production activities deduction. Attach Form 8903
 36 Add lines 23 through 35
 37 Subtract line 36 from line 22. This is your adjusted gross income: **436,065.**

Form 1040 (2015) **BARACK H. & MICHELLE L. OBAMA** Page 2

38 Amount from line 37 (adjusted gross income): **436,065.**

39a Check You were born before January 2, 1951. Blind. Spouse was born before January 2, 1951. Blind. Total boxes checked: **39a**
 b If your spouse itemizes on a separate return or you were a dual-status alien, check here: **39b**

40 Itemized deductions (from Schedule A) or your standard deduction (see left margin): **145,425.**
 41 Exemptions. If line 38 is \$154,950 or less, multiply \$4,000 by the number on line 40. Otherwise, see inst.: **290,640.**
 42 Exemptions. If line 38 is \$154,950 or less, multiply \$4,000 by the number on line 40. Otherwise, see inst.: **0.**
 43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-: **290,640.**
 44 Tax. Check if any from: a Form(s) 9814 b Form 4972 c **71,440.**
 45 Alternative minimum tax. Attach Form 6251: **7,743.**
 46 Excess advance premium tax credit repayment. Attach Form 8962
 47 Add lines 44, 45, and 46: **79,183.**
 48 Foreign tax credit. Attach Form 1116 if required: **979.**
 49 Credit for child and dependent care expenses. Attach Form 2441
 50 Education credits from Form 8863, line 19
 51 Retirement savings contributions credit. Attach Form 8880
 52 Child tax credit. Attach Schedule 8812, if required
 53 Residential energy credits. Attach Form 5895
 54 Other credits from Form: a 3800 b 8801 c **979.**
 55 Add lines 48 through 54. These are your total credits: **979.**
 56 Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-: **78,204.**
 57 Self-employment tax. Attach Schedule SE
 58 Unreported social security and Medicare tax from Form: a 4137 b 8919
 59 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required
 60a Household employment taxes from Schedule H
 60b First-time homebuyer credit repayment. Attach Form 5405 if required
 61 Health care: individual responsibility (see instructions) Full-year coverage
 62 Taxes from: a Form 8859 b Form 8960 c Form 8960 d Inst.; enter code(s)
 63 Add lines 56 through 62. This is your total tax: **81,472.**

Payments: 64 Federal income tax withheld from Forms W-2 and 1099: **99,331.**
 65 2015 estimated tax payments and amount applied from 2014 return: **5,000.**
 66a Earned income credit (EIC): **66a**
 66b Nonrefundable combat pay election: **66b**
 67 Additional child tax credit. Attach Schedule 8812
 68 American opportunity credit from Form 8863, line B
 69 Net premium tax credit. Attach Form 8962
 70 Amount paid with request for extension to file
 71 Excess social security and tier 1 RRTA tax withheld
 72 Credit for federal tax on fuels. Attach Form 4136
 73 Credits from Form: a 2439 b 8885 c 8885 d
 74 Add lines 64, 65, 66a, and 67 through 73. These are your total payments: **104,331.**
 75a Amount of line 75 you want refunded to you. If Form 8898 is attached, check here: **22,859.**
 75b Amount of line 75 you want applied to your 2016 estimated tax: **22,859.**

Refund: 76a Amount of line 75 you want refunded to you. If Form 8898 is attached, check here: **22,859.**
 76b Amount of line 75 you want applied to your 2016 estimated tax: **22,859.**

Amount You Owe: 77 Amount of line 75 you want applied to your 2016 estimated tax: **77.**
 78 Estimated tax penalty (see instructions): **78.**

Third Party Designee: Do you want to allow another person to discuss this return with the IRS (see instructions)? Yes. Complete below. No
 Designee's name: **MICHAEL S. SOLHEIM** Personal identification number (PIN):
 Sign Here: Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.
 Your signature: **Michael Obama** Date: **04/07/16** If your occupation: **US PRESIDENT** Daytime phone number:
 Spouse's signature: **Michelle Obama** Date: **04/07/2016** Spouse's occupation: **US FIRST LADY**
 Preparer: **MICHAEL S. SOLHEIM** Date: **3/3/16** Check self-employed PTIN
 Preparer Use Only: Firm's name: **WINEBERG SOLHEIM HOWELL & SHAIN, PC** Firm's EIN:
 180 N LASALLE ST, STE 2200
 Chicago, IL 60601 Phone no.:



Proposed Changes

Tax Brackets and Tax Rates

Current Rates

Tax Rate	Single Filers	Married Filers Filing Jointly	Married Filers Filing Separately	Heads of Household
10%	\$0~\$9,225	\$0~\$18,450	\$0~\$9,225	\$0~\$13,150
15%	\$9,226~\$37,450	\$18,451~\$74,900	\$9,226~\$37,450	\$13,151~\$50,200
25%	\$37,451~\$90,750	\$74,901~\$151,200	\$37,451~\$75,600	\$50,201~\$129,600
28%	\$90,751~\$189,300	\$151,201~\$230,450	\$75,601~\$115,225	\$129,601~\$209,850
33%	\$189,301~\$411,500	\$230,451~\$411,500	\$115,226~\$205,750	\$209,851~\$411,500
35%	\$411,501~\$413,200	\$411,501~\$464,850	\$205,751~\$232,425	\$411,501~\$439,000
39.6%	\$413,201+	\$464,851+	\$232,426+	\$439,001+

Donald Trump's proposal

Tax Rate

12%

25%

33%

Standard Deduction

Current Deduction

Single	Married Filing Jointly
\$6,300	\$12,600

Donald Trump's proposal

Single	Married Filing Jointly
\$15,000	\$30,000

- ▶ For many middle-class filers, this new standard deduction may exceed their itemized deductions

Itemized Deduction

- ▶ The itemized deduction is said to be capped at \$100,000 for singles and at \$200,000 for married couples filing jointly

Proposed Changes(2)

Repeal of the alternative minimum tax

President Trump's plan calls for the repeal of the alternative minimum tax. With the elimination of the AMT, itemized deductions would likely be worth more.

Eliminate personal exemptions and the “head of household” filing status

- ▶ Both items would be replaced by a larger standard deduction

Eliminate the 3.8% net investment income tax

Repeal “Obamacare”

Repeal of the death tax

“Camp II” mandatory repatriation tax

Q&A



Contact



Harish K. Shrivastava

Ernst & Young Tax Co.
People Advisory Services
Partner

Tel: +81 3 3506 2017
Fax: +81 3 3506 2412
Email: Harish.K.Shrivastava@jp.ey.com



Yasuhisa Itabashi

Ernst & Young Tax Co.
People Advisory Services
Partner

Tel: +81 3 3506 1256
Fax: +81 3 3506 2412
Email: Yasuhisa.Itabashi@jp.ey.com



Faisal Majid

Ernst & Young Tax Co.
People Advisory Services
Senior Staff

Tel: +81 80 9894 2765
Fax: +81 3 3506 2412
Email: Faisal.Majid@jp.ey.com

- ▶ Harish K. Shrivastava is a Senior Partner in the People Advisory Services (“PAS”) practice of EY Tax Co. in Tokyo, Japan.
- ▶ Harish received a Bachelor degree in Accounting from St. Xavier’s College in India, and received Executive Management training at Kellogg School of Management at Northwestern University, USA. He is certified by the US Internal Revenue Service to practice tax, and is also a part of the Associate of the Institute of Bankers.
- ▶ Harish has broad plus in-depth experience and is a dual handler dealing with both Japanese and US income tax matters. He has hands on experience in working with some of the largest international clients of the firm across several industries like financial services, pharmaceuticals, and technology.
- ▶ Yasuhisa Itabashi is a tax partner in the People Advisory Services (“PAS”) practice of EY Tax Co. in Tokyo, Japan.
- ▶ Yasuhisa received a Bachelor of Arts degree from Waseda University and a Master degree (diploma) from the Free University of Berlin (Germany). He is a Certified Public Accountant of Montana, US.
- ▶ Yasuhisa specializes in the area of US tax consulting/compliance of corporations and individuals and provides comprehensive tax consulting/compliance services mainly for Japanese companies and individuals.
- ▶ Faisal Majid is a Senior Staff in the People Advisory Services (“PAS”) practice of EY Tax Co. in Tokyo, Japan.
- ▶ Faisal graduated the American School in Japan and received a Bachelor degree with a concentration in finance from Boston University.
- ▶ Faisal has experience in US tax compliance for corporations and individuals. He specializes in individual compliance work for high net worth individuals and US expatriates.

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization and/or one or more of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

About EY's Tax services

EY's tax professionals in Japan provide you with deep technical knowledge, both global and local, combined with practical, commercial and industry experience. Our highly regarded tax professionals operate in four major cities in Japan. Our talented people, consistent methodologies and unwavering commitment to quality service help you to build the strong compliance and reporting foundations and sustainable tax strategies that help your business succeed.

©2017 Ernst & Young Tax Co.
All Rights Reserved.

www.eytax.jp

Disclaimer

This presentation is prepared in accordance with relevant tax laws and other effective authorities at the time of its delivery on 6 April 2017. Any subsequent changes in such laws may significantly alter Ernst & Young Tax Co.'s comments.

This presentation is prepared in accordance with generally accepted tax treatments as of 6 April 2017. The views and opinions expressed in this presentation are not those of relevant tax authorities, which, at their own discretion, may take a different position from that of this presentation/advice.

Ernst & Young Tax Co. shall not be responsible for any loss whatsoever sustained by any other person or entity who relies on this presentation.