
TABLE OF CONTENTS

Table of Contents	1
IRS Rates September 2024	1
Legislations, Guidance, & Judicial Cases	2
Other Headlines	3
Disclosures	4

IRS RATES | JUNE 2024

- **Applicable Federal Rateⁱ**

Note Term	Annual Rate	Prior Month Δ
Short-Term (< 3 Years)	4.21%	Δ -0.36%
Mid-Term (3 - 9 Years)	3.70%	Δ -0.32%
Long-Term (> 9 Years)	4.10%	Δ -0.27%

Applicable Federal Rate ("AFR") is the lowest interest rate allowed by the IRS without having a loan be deemed a gift. The purpose of this restriction is to prevent gifts being disguised as loans (i.e., parents "loan" kids \$1MM at 0.00% rate). When AFR rates are low, there are a lot of creative ways to manage liquidity, capitalize trusts, and handle interfamily finances using Promissory Notes. When rates are high, estate vehicles like Charitable Remainder Annuity Trusts ("CRATs") become more attractive as the up-front charitable deduction is larger.

- **§7520 Rate**

4.40%	Δ -0.40%
-------	-----------------

The §7520 Rate is related to the valuation of long-term or future interests. It's most commonly utilized with GRATs, annuities, and estates. The rate is based off the Mid-Term AFR rate (120%, rounded to the nearest two-tenths).

LEGISLATIONS, GUIDANCE, & JUDICIAL CASES

DONALD TRUMP PROMISES TO REVIVE THE SALT DEDUCTIONⁱⁱ

In a social media post, Republican presidential nominee Donald Trump said he “will turn it around, get SALT back, lower your Taxes, and so much more.” The Tax Cuts and Jobs Act of 2017, enacted under the Trump administration, capped state and local tax deductions at \$10,000. Democratic lawmakers have since advocated for increasing that amount or removing the cap.

HOUSE DEMOCRAT INTRODUCES TIPS LEGISLATIONⁱⁱⁱ

Rep. Steven Horsford (D-NV) introduced the Tipped Income Protection and Support (TIPS) Act yesterday. The legislation would eliminate federal taxes on tips, a plan advanced by both presidential candidates. The bill would also eliminate the tipped minimum wage – which is lower than the federal minimum wage for most occupations – and cap the exemption at \$112,500 in tipped income.

This is a policy that the Trump campaign first introduced on the campaign trail, but the Harris campaign has since adopted a similar stance. Both may miss out on the chance to promise this now that its in legislation and is seemingly a very popular change.

FED CUTS INTEREST RATES FOR THE FIRST TIME SINCE 2020.^{iv}

In light of the progress on inflation and the balance of risks, the Committee decided to lower the target range for the federal funds rate by 1/2 percentage point to 4-3/4 to 5 percent. In considering additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks.

The Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective.

SECTION END

OTHER HEADLINES

DOMESTIC HEADLINES

- **Missouri's general revenue collections have declined in the first months of its fiscal year.**^v A Bloomberg Tax analysis finds only four of the 100 largest US multinational companies thus far have reported material impacts from the global minimum corporate tax of 15 percent. The tax went into effect in 40 countries in January.
- **Social Security Taxation.**^{vi} In a Wall Street Journal poll, 64 percent of respondents strongly favored the elimination of taxes on Social Security benefits. Support for the idea dropped when asked if they'd support the proposal if it increased the national debt. For nearly 50 years since its inception in 1935 Social Security was not counted as taxable income, but starting just over 40 year ago in 1983 legislation was introduced (and added to many time) to start to tax social security.
- **Flaws apparent in the corporate AMT rulemaking process.**^{vii} The Treasury Inspector General for Tax Administration (TIGTA) found that the Office of Chief Counsel did not adequately review and consider public comments on interim guidance for the corporate alternative minimum tax (AMT). The corporate AMT, established under the Inflation Reduction Act, is a 15 percent tax on large corporations' financial statement, or "book," income. TIGTA recommended that the Chief Counsel establish a written process to track all comment letters submitted prior to issuing rules or guidance. The IRS disagreed with this recommendation, responding that the office already has the necessary written guidance and procedures.
- **Michigan Supreme Court to consider Family Cottage Tax Cap.**^{viii} The state's high court will consider a corporation's appeal regarding the taxable value of a family cottage owned by the corporation, reports Bloomberg Tax. An appeals court ruled that the value of the property in question should be uncapped since more than half of the corporation's ownership interest was cumulatively transferred within the same calendar year. The corporation says the ownership interest was less than half.
- **Governor DeSantis Issues Executive Order Launching State Investigation of Second Assassination Attempt on President Trump.**^{ix} Today, Governor Ron DeSantis issued Executive Order 24-197 directing Florida's law enforcement agencies—the Florida Department of Law Enforcement (FDLE) and the Florida Highway Patrol (FHP)—to investigate the assassination attempt against Donald Trump, refer violations of state law to the statewide prosecutor's office for prosecution, and to surge resources to President Trump's security detail needs in coordination with the former president and the Secret Service.

SECTION END

Disclosures

The views expressed are those of Anchor Capital Advisors, LLC ("Anchor") as of the date written and are subject to change at any time. Anchor does not undertake any obligation to update the information contained herein as of any future date, nor does it have liability for decisions based on this information. Certain information (including any forward-looking statements and economic and market information) has been obtained from sources we deem reliable, but is not guaranteed by Anchor, nor is it a complete summary of available data. This publication has been prepared by Anchor Capital Advisors, LLC (Anchor). The information is for educational purposes only and should not be considered investment advice or a recommendation of any strategy or investment product. These opinions are not intended to be a forecast of future events or a guarantee of future results. No part of this document may be reproduced in any form, or referred to in any other publication, without express written permission of Anchor. Past performance is not guarantee of future results. Inherent in any investment is the possibility of loss.

To the extent this document discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion, or advice. The intended recipient(s) should consult their own legal advisers as to the issues of law relating to the subject matter of this document. Any information relating to the tax status of financial instruments, entities, and/or strategies discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Individuals are urged to seek tax advice based on their circumstances from an independent tax professional.

ⁱ <https://www.irs.gov/pub/irs-drop/rr-24-12.pdf>

ⁱⁱ https://news.bloombergtax.com/daily-tax-report/trump-pledges-to-restore-salt-write-off-the-tax-break-he-curbed?utm_source=%20urban_newsletters&utm_medium=news-DD&utm_term=TPC

ⁱⁱⁱ https://thehill.com/homenews/house/4884669-rep-horsford-introduces-bill-to-eliminate-taxes-on-tips/?&utm_source=%20urban_newsletters&utm_medium=news-DD&utm_term=TPC

^{iv} <https://www.nytimes.com/2024/09/18/business/economy/fed-reserve-interest-rate-cut.html>

^v https://missouriindependent.com/2024/09/17/missouri-tax-revenues-declining-in-first-months-of-fiscal-year-raising-concerns/?utm_source=%20urban_newsletters&utm_medium=news-DD&utm_term=TPC

^{vi} https://www.wsj.com/politics/policy/social-security-tax-trump-election-2024-9f911216?&utm_source=%20urban_newsletters&utm_medium=news-DD&utm_term=TPC

^{vii} https://www.tigta.gov/sites/default/files/reports/2024-09/2024308036fr.pdf?&utm_source=%20urban_newsletters&utm_medium=news-DD&utm_term=TPC

^{viii} https://news.bloombergtax.com/daily-tax-report/michigan-justices-will-hear-arguments-on-family-cottage-tax-cap?&utm_source=%20urban_newsletters&utm_medium=news-DD&utm_term=TPC

^{ix} <https://www.flgov.com/2024/09/17/governor-desantis-issues-executive-order-launching-state-investigation-of-second-assassination-attempt-on-president-trump/>