

Outlook for U.S. Tax Laws - Potential Changes and Process

As of April 14, 2025



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Private Bank's *Washington Tax Watch* – April 14, 2025 Edition

Recent Developments

House and Senate agree on budget resolution, unlocking budget reconciliation process; divergent frameworks between chambers leave many big-picture items undecided, including projected overall cost of any proposed tax bill

Highlights

On April 10, the House passed the Senate's version of a budget resolution, unlocking the budget reconciliation process, by a 216-214 vote (two Republicans voted against). Congressional committees can now begin drafting a bill addressing tax policy and other priorities related to immigration, defense and energy policy that can pass by simple majorities in both chambers.

Passage followed strong initial opposition from several House GOP members who demanded stronger commitments to spending cuts. Ultimately, most GOP holdouts relented after receiving assurances from Republican leadership that it would pursue at least \$1.5 trillion in spending cuts (the amount required in the initial House resolution); the Senate resolution mandates only at least \$4 billion of cuts. House Budget Committee Chair Jodey Arrington (R-Tex.) told reporters that he relied on "a commitment from the leadership of the House that we will not put a bill on the floor of our chamber that adds to the national debt" in ultimately supporting the resolution.

Many big-picture issues remain outstanding, with divergent views on the level of spending cuts, the baseline that Congressional budget scorekeepers will use to determine the estimated cost of a tax bill ("current law" versus "current policy"), and the increase to the statutory debt limit. These differences will need to be resolved before any final bill is passed. This is not to mention the details of specific provisions in a tax bill, which will require negotiation to reach agreement that satisfies virtually everyone who comprises the slim Republican majority in Congress.

According to one estimate by the nonpartisan Committee for a Responsible Federal Budget, the agreed-upon framework could result in a bill that, if enacted, would increase the net deficit between \$2.8 trillion to \$5.8 trillion over 10 years, not including the cost of debt service.

Congress is on a two-week recess, returning April 28. We could see a draft of a tax bill released as early as late April or early May. With many Republicans still far apart on several key issues, many observers have suggested negotiations could extend beyond the soft Memorial Day deadline imposed by Speaker Mike Johnson (R.-La.).

Source: "What's in the Senate's Concurrent FY 2025 Budget" <https://www.crfb.org/blogs/whats-senates-concurrent-fy-2025-budget>. As of April 12, 2025. Accessed April 12, 2025. By visiting a third-party site, you may be entering an unsecured website that may have a different privacy policy and security practices from J.P. Morgan standards. J.P. Morgan is not responsible for, and does not control, endorse or guarantee, any aspect of any linked third-party site. J.P. Morgan accepts no direct or consequential losses arising from the use of such sites.

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