

## Finance Committee Republicans release text of tax provisions in reconciliation package

Republican Senate Finance Committee Chairman Mike Crapo of Idaho unveiled on June 16 his version of a comprehensive tax proposal which seeks to extend provisions of the 2017 Tax Cuts and Jobs Act (TCJA, P.L. 115-97) – including maintaining lower tax rates and other enhanced provisions for individuals and businesses – while incorporating additional tax relief measures aligned with campaign proposals aimed at delivering further benefits for American families. The measure also includes several provisions that would offset some of the revenue loss by making a variety of changes, including to US international tax rules and the clean energy incentives enacted in the Inflation Reduction Act (P.L. 117-169). This package is a response to the tax portions of the One Big Beautiful Bill Act that was approved late last month by the House of Representatives. (For prior coverage of the House-passed bill, see *Tax News & Views*, Vol. 26, No. 19, May 14, 2025; *Tax News & Views*, Vol. 26, No. 22, May 23, 2025.)

**URL:** <https://www.congress.gov/115/plaws/publ97/PLAW-115publ97.htm>

**URL:** <https://www.congress.gov/117/plaws/publ169/PLAW-117publ169.pdf>

**URL:** [https://dhub.deloitte.com/Newsletters/Tax/2025/TNV/250514\\_1.html](https://dhub.deloitte.com/Newsletters/Tax/2025/TNV/250514_1.html)

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The Finance Committee proposal includes specific details on how extending the expiring tax relief provisions would operate. On the committee's website is a collection of documents including bill text, section-by-section summary, and an overview of the bill.

**URL:** [https://www.finance.senate.gov/imo/media/doc/finance\\_committee\\_section-by-section\\_title\\_vii3.pdf](https://www.finance.senate.gov/imo/media/doc/finance_committee_section-by-section_title_vii3.pdf)

**URL:** [https://www.finance.senate.gov/imo/media/doc/finance\\_committee\\_summary1.pdf](https://www.finance.senate.gov/imo/media/doc/finance_committee_summary1.pdf)

With a budget resolution in place, the Republicans are working to advance the legislation through Congress using the reconciliation process, which permits bills that adhere to specific parliamentary and procedural guidelines to move through the House and the Senate with simple majority votes. This process is a powerful tool for Republicans, who hold 53 Senate seats – short of the 60 votes typically required to advance legislation under regular order in that chamber. The availability of this procedural tool has significantly shaped both the scope and content of the Senate's tax package.

Notably, the Senate is using a “current policy” baseline – rather than the House's “current law” baseline – to estimate the budgetary impact of its tax proposals. As such, while the House bill accounts for the revenue impacts of extending expiring pieces of the 2017 tax law, the Senate bill presumes that these provisions were always intended to be permanent and so, for budgetary purposes, this should be deemed to have no additional cost. The divergent budgetary assumptions between the two chambers is pivotal in determining the ultimate size, scope, and duration of any tax changes that reach President Trump's desk.

Against a backdrop of differing fiscal assumptions – as well as distinct policy and political dynamics – the Senate's legislative approach began to diverge from that of the House in several key areas. One notable difference is the treatment of the cap on the state and local tax (SALT) deduction, a provision that has sparked considerable debate in both chambers and played a pivotal role in securing passage of the bill in the House.

While the House-passed bill raised the cap from \$10,000 to \$40,000 (\$20,000 for married filing separately) starting in 2025 – with a phaseout beginning at \$500,000 (\$250,000 for married filing separately) – the Senate has signaled a far different approach, choosing to maintain the current rule capping the deduction at \$10,000 (\$5,000 for a married taxpayer filing a separate return) for taxable years beginning after December 31, 2025. Notwithstanding this provision, the explanatory materials note that the Senate expects this to be a subject of continuing negotiations as the legislative process advances.

Another significant revision in the Senate’s version of the bill is the decision to make three key business tax breaks permanent, rather than extending them temporarily as in the House-passed bill. These include 100 percent bonus depreciation, the immediate deduction for research and development expenditures, and the limitation on business interest deductions.

### **Next step: Heads to Senate floor**

With the Finance Committee’s proposal now released and no markup currently scheduled, the legislation is expected to proceed to the Senate floor for consideration as early as next week. That will follow work behind the scenes this week as Republican and Democratic staff meet with the Senate parliamentarian to determine which provisions of the tax and non-tax pieces of the One Big Beautiful Bill Act may violate Senate rules governing reconciliation bills. This fast-track approach underscores Republican leadership’s goal of advancing the bill through Congress and delivering it to President Trump’s desk by July 4.

In releasing the Finance Committee’s legislative text of the budget reconciliation package, Chairman Crapo highlighted the bill’s benefits.

“It delivers additional tax relief to middle-class families still recovering from record inflation under the Biden Administration. It powers the economy by permanently extending critical pro-growth provisions and introduces new incentives for domestic investment, providing certainty for American job creators to spur domestic economic activity and invest in their workers.”

### **Analysis from Deloitte Tax on the way . . .**

Deloitte Tax LLP will provide a detailed summary and comments on the entire tax package in a special edition of *Tax News & Views* in the coming days.

— Steven Grodnitzky  
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