Senate GOP unveils reconciliation bill text

Following a hectic week of negotiations to address last-minute concerns from several Republican senators – as well as anticipated objections from House GOP members – Senate Budget Committee Chairman Lindsey Graham (R-S.C.) released updated text of his chamber's version of the One Big Beautiful Bill Act (OBBBA), after addressing key adjustments in response to preliminary guidance from the Senate parliamentarian on what provisions could survive the Byrd Rule. (text of the One Big Beautiful Bill Act)
URL: https://www.budget.senate.gov/imo/media/doc/the_one_big_beautiful_bill_act.pdf

The bill – a far-reaching tax and spending package at the heart of the GOP's economic agenda – includes provisions to extend key elements of the Tax Cuts and Jobs Act (P.L. 115-97), introduces tax relief for individuals and businesses, and advances Republican priorities on energy production, border security, and federal spending reform. To partially offset the cost, the bill includes revenue-raising provisions, such as repeal or limitation on various clean energy credits. (For prior coverage of the Senate Finance Committee proposal, see *Tax News & Views*, Vol. 26, No. 26, June 18, 2025.)
URL: https://www.congress.gov/115/plaws/publ97/PLAW-115publ97.pdf
URL: https://dhub.deloitte.com/Newsletters/Tax/2025/TNV/250618_1.html

While the full Senate text of the OBBBA spans tax, border security, and energy provisions, this analysis focuses exclusively on the tax title, which builds on the draft released by Senate Finance Committee Chairman Mike Crapo (R-Idaho) on June 16. Although the core framework remains intact, the Senate bill introduces several revisions to the Finance Committee proposal, some of which include:
URL: https://www.finance.senate.gov/imo/media/doc/finance_committee_legislative_text_title_vii.pdf

- Raising the current $10,000 cap on the State and Local Tax (SALT) deduction to $40,000 starting in 2025, with a phaseout beginning at $500,000, for five years, then back to a $10,000 cap. (The Finance Committee proposal included a $10,000 cap as a placeholder while negotiations continued, while the House-passed bill included the $40,000 cap/$500,000 phaseout for all tax years beginning after December 31, 2025.)
- Lowering the remittance transfer tax to 1 percent. (The Finance Committee proposal called for a 3.5 percent tax, which itself was lower than the House-passed level.)
- Modifying previously released changes to the clean energy incentives enacted in the Inflation Reduction Act (P.L. 117-169) which in some ways expand the availability of certain incentives and in some ways contracts them.
  URL: https://www.congress.gov/117/plaws/publ169/PLAW-117publ169.pdf
- Removing some generally taxpayer friendly changes to the Base Erosion Anti-Abuse Tax (BEAT) but also substantially trimming the extent to which the rate of tax on BEAT would rise next year.

In recent days, international tax reform has taken center stage. As part of that shift, the Senate bill removed proposed section 899, which was intended to give the President tools to counter what some have characterized as "unfair foreign taxes." The removal reflected the Treasury Department's recent agreement with G7 countries, under which the OECD's Pillar Two global minimum tax rules would not be applied to US companies. The Finance Committee proposal introduced a revised version of section 899, which included changes to the House-passed bill's provision – with a delayed effective date and a lower cap on how much tax rates on covered companies and individuals could rise.

The removal of section 899 also prompted an international response, highlighting the broader implications of the Senate's revisions to the US' international tax rules. The Canadian Department of Finance issued a statement underscoring a shared understanding among G7 countries regarding the treatment of US-parented multinational groups under the OECD's global minimum tax framework. The statement emphasized that a "side-by-side" system – under which US-parented groups would be fully excluded from both the Income Inclusion Rule (IIR) and the Undertaxed Profits Rule (UTPR) with respect to their domestic and foreign profits – could preserve the progress made by jurisdictions in the Inclusive Framework in addressing base erosion and profit shifting. Finance Canada noted that such an approach would also "provide greater stability and certainty in the international tax system moving forward."
URL: https://www.canada.ca/en/department-finance/news/2025/06/g7-statement-on-global-minimum-taxes.html

The bill also includes a provision to raise the federal debt limit by $5 trillion – an increase from the $4 trillion included in the House-passed version. The inclusion of the debt limit hike is particularly significant given a looming deadline: without congressional action, the US could run out of borrowing authority as early as August, risking a default on federal obligations.

With a budget resolution in place, 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.

Senate Majority Leader John Thune (R-S.D.), who has been navigating delicate intra-party negotiations, faces a narrow path to success. Still, he has continued working to secure Senate approval and send the bill to the House for final passage, with the goal of having President Trump sign it into law by the self-imposed July 4 deadline.

Getting to July 4

With President Trump aiming to sign the legislation by Independence Day, significant work remains to meet that deadline. Now that the Senate has released updated text of its version of the OBBBA, the chamber can proceed with a procedural vote to begin floor debate – up to 20 hours, followed by a vote-a-rama, an open-ended amendment process that can stretch for hours. The vote-a-rama is expected to feature active participation from Democratic senators seeking to force last-minute changes or, at the very least, compel Republicans to take politically sensitive votes.

Following the vote-a-rama, the Senate must hold a final vote on the bill, which may differ from the introduced version due to adopted amendments. The House would then hope to concur in the Senate changes so the legislation can be sent to the White House in time for the President's signature by July 4.

Tax News & Views expects to provide a more detailed analysis if and when the Senate passes the final version of the OBBBA, an outcome that appears likely to occur in the coming days.

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