

Lawmakers Say There Are No Sacred Cows in 2025 Tax Debate

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By Cady Stanton

Taxwriters bracing for the impending tax cliff at the end of 2025 say that while all of the tax code will be under a microscope, a full rewrite isn't guaranteed.

As members of the Senate Finance and House Ways and Means committees prepare for the looming expirations of large parts of the [Tax Cuts and Jobs Act](#) at the end of next year, both parties and panels share a focus on educating members on the 2017 law and possibilities for reforming its provisions. But lawmakers have made clear they aren't limiting themselves to aspects that are scheduled to lapse.

"I think everything should always be on the table," Ways and Means member Bradley Scott Schneider, D-Ill., said. "I don't believe in sacred cows."

The TCJA overhauled both the individual and corporate aspects of the tax code. Extending all of the expiring individual tax provisions is estimated to cost \$3.5 trillion over 10 years, according to the [Congressional Budget Office](#), and adding expiring or already phased-out business provisions expands [the cost and scope](#).

Broadening consideration of what might be reworked beyond those provisions is no small task and further complicates the heavy workload lawmakers have in the coming year and a half, assuming Congress breaks from its typical behavior of pushing deadlines down the road.

Taking stock of the entire tax code doesn't inherently mean a full overhaul, however, and both Democrats and Republicans — whose influence over how the expirations are addressed won't be determined until after the November elections — agree that not everything needs to be fixed.

Finance Committee ranking member Mike Crapo, R-Idaho, said the primary focus of Senate Republicans' 2025 tax cliff [working groups](#) will be on expiring provisions. The upcoming deadline requires examining the entire tax code but not necessarily changing all of it, especially given the need to find common ground, according to Crapo.

"There are those who would like to see an entirely new type of tax code drafted; there are those who would like to see nothing changed; [and] there is everything in the middle," Crapo said. "We'll be looking at everything."

Is Anything Untouchable?

In the House, Ways and Means Committee Chair Jason Smith, R-Mo., said that every law is always on the table to be changed in Congress. Ways and Means ranking member Richard E. Neal, D-Mass., said he's hopeful that a broad look at tax policy for 2025 would expand beyond black-and-white thinking on a blanket TCJA extension.

Ways and Means member John B. Larson, D-Conn., agreed that permanent provisions of the tax code — such as the corporate tax rate — are also up for debate. House Democrats' listening sessions on the TCJA have included discussions on all provisions of the law, expiring or otherwise, and have included a broader picture of what Democrats were proposing back in 2017 in order to view the full scope of possibilities, Larson said.

But Larson also noted he doesn't mean to imply that taxwriters should start completely from scratch. "Neal is right that we have to be careful that we don't throw the baby out with the bathwater, so to speak," he said.

Republicans and Democrats agree there's no limit on options for reform, but they diverge on priorities for what should change.

While Republicans have often painted Democrats as intending to allow all the expiring TCJA provisions to end, the reality is complicated by President Biden's pledge not to raise taxes for anyone making less than \$400,000 a year.

With households with incomes lower than \$400,000 a year representing up to 98 percent of the U.S. population, according to a 2020 analysis from the [Penn Wharton Budget Model](#), and a cut in individual tax rates across tax brackets, an expanded child tax credit, and a 50 percent increase in the standard deduction set to expire, squaring the expirations with the pledge could take some creative thinking on tax reform.

The White House appears to remain committed to that promise. Treasury Secretary Janet Yellen [referenced the pledge](#) as a guiding factor when asked if the administration supported extending the TCJA's individual tax rates, and National Economic Council Director Lael Brainard [said](#) the White House supports some TCJA provisions that would prevent tax increases in 2026 for those below the threshold.

For Republicans, the permanent corporate rate — lowered from 35 percent to 21 percent in the TCJA — has been hinted as a possible target in recent months. Smith [has said](#) that some conservative members are open to raising the corporate rate to pay for other tax cuts, and when asked about reconsidering the rate — either raising or further lowering it — Crapo said there are no holds barred on options for any kind of tax reform.

"Everything is in play in the sense that we are looking at everything," Crapo said. "Now, don't read anything more into that than that there is nothing in the tax code that, if it's necessary to build the right tax policy, that we can't look at."

For Finance Committee Chair Ron Wyden, D-Ore., talk of changing the permanent corporate rate indicates that “a lot of members do feel that everything’s on the table.”

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