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Congress of the United States

JOINT COMMITTEE ON TAXATION
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CHRISTOPHER P. GIOIA
DEPUTY CHIEF OF STAFF

April 3, 2025

Honorable Sheldon Whitehouse
SH-530
United States Senate
Washington, D.C. 20510

Honorable Ron Wyden
SD-221
United States Senate
Washington, D.C. 20510

Honorable Richard E. Neal
372 Cannon House Office Building
United States House of Representatives
Washington, D.C. 20515

Honorable Brendan F. Boyle
1502 Longworth House Office Building
United States House of Representatives
Washington, D.C. 20515

Dear Senator Whitehouse, Senator Wyden, Mr. Neal and Mr. Boyle:

This letter is in response to your request for revenue estimates to extend permanently the individual tax provisions, the higher estate and gift tax exemptions, and certain business tax provisions contained in Public Law 115-97. In addition, we are including the change in outlays for debt service costs from the revenue effects of a permanent extension of the tax provisions contained in Public Law 115-97 as provided by the Congressional Budget Office.

You requested that the estimates of the business tax provisions are applied retroactively to the year the changes took effect. The following are three examples of the retroactive application of the business tax provisions.

1. Under present law, the computation of adjusted taxable income for purposes of the limitation on business interest without regard to any deduction allowable for depreciation, amortization, or depletion applies to taxable years beginning before January 1, 2022. For purposes of this estimate, we assume the proposal would allow the computation of adjusted taxable income without regard to any deduction allowable for depreciation, amortization, or depletion for taxable years beginning after December 31, 2021.
2. Under present law, bonus depreciation is available through 2026 (2027 for longer production period property and certain aircraft). Specifically, qualified property acquired and placed in service after September 27, 2017, and before January 1, 2023 (January 1, 2024, for longer production period property and certain aircraft), are eligible for 100-percent bonus depreciation. The 100-percent allowance is phased down by 20 percent per calendar year for qualified property acquired after September

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27, 2017, and placed in service after December 31, 2022 (after December 31, 2023, for longer production period property and certain aircraft). Thus, to be eligible for bonus depreciation, qualified property must be placed in service before January 1, 2027 (January 1, 2028, for longer production period property and certain aircraft). For purposes of this estimate, we assume the proposal permanently extends 100-percent bonus depreciation for qualified property acquired after September 27, 2017 and the 100-percent allowance is not phased down for property placed in service after December 31, 2022 (after December 31, 2023, for longer production period property and certain aircraft).

3. Under present law, in the case of a taxpayer's specified research or experimental expenditures incurred in tax years beginning after December 31, 2021, such amounts are required to be capitalized and amortized ratably over a five-year period, beginning with the midpoint of the taxable year in which such amounts were paid or incurred. Specified research or experimental expenditures that are attributable to research that is conducted outside of the United States are required to be capitalized and amortized ratably over a 15-year period, beginning with the midpoint of the taxable year in which such expenditures were paid or incurred. The proposal delays permanently the date domestic research or experimental expenditures generally must be capitalized and amortized.

I hope this information is helpful to you. If we can be of further assistance in this matter, please let me know.

Sincerely,



Thomas A. Barthold

cc: Phillip Swagel, Director, Congressional Budget Office
Dan RuBoss
Tyler Evilsizer
Sarah Schaefer
Andrew Grossman
Leyla Mocan

Attachment: Table 25-0 026

**ESTIMATED REVENUE EFFECTS OF A PERMANENT EXTENSION OF CERTAIN EXPIRING TAX PROVISIONS
IN PUBLIC LAW 115-97 AND ASSOCIATED CHANGE IN OUTLAYS FOR DEBT SERVICE COSTS**

Fiscal Years 2025 - 2035

[Millions of Dollars]

Provision	Effective	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2025-30	2025-35
I. Individual Tax Provisions														
A. Simplification and Reform of Rates, Standard Deductions, and Exemptions														
1. 10%, 12%, 22%, 24%, 32%, 35%, and 37% income tax rate brackets [1].....	tyba 12/31/25	---	-142,731	-214,837	-224,986	-232,903	-241,416	-250,716	-260,721	-270,565	-281,143	-292,831	-1,056,873	-2,412,849
2. Modify standard deduction (\$12,000 for singles, \$24,000 for married filing jointly, \$18,000 for HoH) [1].....	tyba 12/31/25	---	-73,165	-125,375	-130,083	-135,151	-140,046	-145,584	-151,024	-156,687	-162,666	-168,596	-603,820	-1,388,377
3. Repeal of deduction for personal exemptions [1].....	tyba 12/31/25	---	133,675	196,465	202,908	210,466	217,565	224,016	230,559	238,439	245,645	254,113	961,079	2,153,851
B. Treatment of Business Income of Individuals, Trusts, and Estates														
1. Qualified business income deduction	tyba 12/31/25	-6,970	-43,943	-73,961	-80,249	-81,609	-83,471	-85,751	-88,399	-91,312	-94,911	-98,950	-370,204	-829,528
2. Limitation on excess business losses of noncorporate taxpayers.....	tyba 12/31/28	---	---	---	---	3,363	5,032	3,009	2,461	2,084	1,827	1,092	8,395	18,868
C. Reform of the Child Tax Credit														
1. Child tax credit:														
a. Modification of child tax credit: \$2,000 not indexed; refundable up to \$1,400 indexed down to nearest \$100 base year 2018; \$2,500 refundability threshold not indexed; \$500 other dependents not indexed; phase outs \$200K/\$400K not indexed [1].....														
	tyba 12/31/25	---	-39,154	-82,268	-82,972	-83,162	-83,762	-83,785	-83,722	-83,911	-83,850	-83,962	-371,316	-790,548
b. Require valid Social Security number of each child to claim refundable and non-refundable portions of child credit, non-child dependents and any child without a valid Social Security number still receives \$500 non-refundable credit [1].....														
	tyba 12/31/25	---	398	1,258	1,417	1,544	1,648	1,745	1,813	1,915	2,042	2,198	6,265	15,978
D. Simplification and Reform of Deductions and Exclusions														
1. Repeal of itemized deductions for taxes not paid or accrued in a trade or business (except for up to \$10,000 in State and local taxes), interest on mortgage debt in excess of \$750K, interest on home equity debt, non-disaster casualty losses, and certain miscellaneous expenses [1].....														
	generally tyba 12/31/25	---	63,536	105,298	107,786	114,733	121,668	128,965	136,309	143,310	150,561	156,638	513,021	1,228,804
2. Increase percentage limit for charitable contributions of cash to public charities.....														
	cmi tyba 12/31/25	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
3. Repeal of overall limitation on itemized deductions.....														
	tyba 12/31/25	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
4. Suspension of exclusion for employer-provided bicycle commuter fringe benefit [2].....														
	tyba 12/31/25	---	14	16	17	19	20	22	24	26	29	31	86	218
5. Repeal exclusion for employer-provided qualified moving expense reimbursements (other than members of the Armed Forces) [3][4].....														
	tyba 12/31/25	---	569	592	615	845	879	914	950	987	1,026	1,065	3,500	8,442

Provision	Effective	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2025-30	2025-35
6. Repeal of deduction for moving expenses (other than members of the Armed Forces).....	tyba 12/31/25	---	731	762	798	836	872	905	944	985	1,028	1,073	3,999	8,934
7. Limitation on wagering losses.....	tyba 12/31/25	---	1	5	5	6	6	6	6	6	6	7	23	54
E. Increase estate, gift, and GST tax exemption amount.....	dda & gma 12/31/25	-50	-3,670	-19,297	-21,306	-22,197	-23,489	-24,958	-26,714	-28,663	-30,972	-33,596	-90,010	-234,912
F. Increase the individual AMT exemption amounts and phase-out thresholds.....	tyba 12/31/25	---	-77,577	-138,849	-141,036	-148,659	-156,758	-164,942	-173,437	-182,273	-191,443	-200,699	-662,879	-1,575,673
G. ABLÉ accounts:														
1. Increase in contributions limit.....	tyba 12/31/25	---	[5]	[5]	[5]	[5]	-1	-1	-1	-1	-2	-2	-1	-8
2. Contributions eligible for Saver's credit.....	tyba 12/31/25	---	[5]	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-9
3. Rollovers from qualified tuition programs permitted.....	Da 12/31/25	---	[5]	-1	-1	-1	-1	-1	-2	-2	-2	-2	-4	-13
H. Other Items														
1. Treatment of certain individuals performing services in the Sinai Peninsula of Egypt.....	spo/a 12/31/25	---	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-8
2. Exclusion from gross income of student loans discharged on account of death or disability [6].....	doia 12/31/25	---	---	-44	-45	-46	-48	-49	-50	-51	-53	-54	-184	-441
Total of Individual Tax Provisions.....		-7,020	-181,317	-350,238	-367,134	-371,918	-381,304	-396,207	-411,006	-425,715	-442,880	-462,477	-1,658,931	-3,797,216
II. Business Tax Provisions														
1. Extend 100% bonus depreciation.....	ppisa 12/31/22	-30,965	-98,471	-56,189	-51,035	-36,315	-26,530	-20,440	-17,361	-16,099	-15,745	-15,734	-299,505	-384,884
2. Deduction percentages for GILTI and FDII	tyba 12/31/25	---	-7,486	-15,471	-16,825	-17,729	-16,993	-16,312	-17,289	-18,023	-17,244	-18,328	-74,504	-161,700
3. Rate on modified taxable income and treatment of credits in the calculation of BEAT	tyba 12/31/25	---	-1,756	-3,249	-3,393	-4,143	-4,593	-4,518	-4,344	-4,283	-4,345	-3,742	-17,134	-38,366
4. Expensing of research and experimental expenditures	tyba 12/31/21	-104,369	-12,473	-3,994	-2,174	-2,038	-2,053	-2,134	-2,240	-2,343	-2,424	-2,481	-127,102	-138,724
5. Extension of allowance for depreciation, amortization, or depletion in determining the limitation on business interest...	tyba 12/31/21	-10,714	-6,770	-6,430	-6,102	-5,563	-5,126	-5,363	-5,401	-5,797	-6,053	-6,253	-40,705	-69,572
6. Deductibility of employer meals.....	tyba 12/31/25	---	-3,257	-3,381	-3,509	-3,643	-3,782	-3,928	-4,079	-4,237	-4,399	-4,566	-17,572	-38,781
Total of Business Tax Provisions.....		-146,048	-130,213	-88,714	-83,038	-69,431	-59,077	-52,695	-50,714	-50,782	-50,210	-51,104	-576,522	-832,027
NET TOTAL OF TAX PROVISIONS.....		-153,068	-311,530	-438,952	-450,172	-441,349	-440,381	-448,902	-461,720	-476,497	-493,090	-513,581	-2,235,453	-4,629,243
Increase In Outlays For Debt Service Costs [7].....	---	1,607	11,565	25,157	41,634	58,373	75,451	92,846	111,038	130,375	150,935	172,330	213,787	871,311
NET TOTAL INCLUDING INTEREST COSTS.....		-154,675	-323,095	-464,109	-491,806	-499,722	-515,832	-541,748	-572,758	-606,872	-644,025	-685,911	-2,449,240	-5,500,554

Joint Committee on Taxation and Congressional Budget Office

NOTE: Details may not add to totals due to rounding. The date of enactment is assumed to be July 1, 2025. Estimates assume the enactment of the permanent extension of the tax provisions of Public Law 115-97 that expire in 2025 as in effect on January 1, 2025. The estimates in this table are relative to the present law Congressional Budget Office 2025 macroeconomic forecast and do not incorporate any macroeconomic changes associated with the permanent extension of the tax provisions of Public Law 115-97.

Legend for "Effective" column:

cmi = contributions made in
Da = distributions after
dda = decedents dying after

doia = discharge of indebtedness after
gma = gifts made after
ppisa = property placed in service after

spo/a = service provided on or after
tyba = taxable years beginning after

