



# Capitol Hill Weekly

Washington National Tax  
Federal Legislative & Regulatory Services

April 7, 2025

***This update reflects facts as of Monday morning, April 7, 2025. The situation is fluid and may change.***

Markets were roiled by the announcement by the President on April 2 of worldwide tariffs, somewhat obscuring developments on budget reconciliation legislation and extension of the TCJA tax cuts. The narrow passage by the Senate of a budget resolution late Friday night represents progress if accepted by the House, which is not certain. Meanwhile, the formal confirmation process for an Assistant Secretary for Tax Policy will begin this week.

**Budget reconciliation.** The Senate narrowly passed, 51-48, its counterpart to the House budget resolution on Friday. The Senate resolution was unusual, if not unique, in two important ways. First, it did not change the budget deficit committee instructions in the House resolution but instead added different instructions to the Senate committees. The Budget Act governs budget reconciliation, and a provision of the Act known as the Byrd Rule requires that adherence to budget resolution instructions. A noncompliant provision is subject to a point of order in the Senate, requiring 60 votes for waiver.

The House's resolution requires \$1.5-2 trillion in cuts in spending within the jurisdiction of certain committees. The Senate instructions however do not include this requirement, although they do not prohibit Senate committees from making the same spending cuts. How those differing instructions are to be reflected in a budget reconciliation bill is not clear, as there was significant opposition among Senate Republicans to the required House spending cuts.

Secondly, the Senate resolution provides that the deficit instructions are based on a "current policy baseline." With respect to tax matters, that means that deficits would be calculated as if the expiring TCJA tax cuts still in effect are to be treated as if they are permanent. The Senate resolution only makes \$1.5 trillion available for tax cuts, far less than the \$4.5 trillion in the House bill because the \$4 trillion revenue cost of extending the TCJA cuts would have no deficit cost under current policy accounting. In addition, that baseline means that making those cuts permanent in the reconciliation bill would have no effect on the deficit. That is important because it could make permanent extension of the expiring TCJA cuts possible. Another element of the Byrd Rule makes any provision of a reconciliation bill subject to a point of order if it would increase deficits outside the 10-year budget window.

Senate Republicans did not ask for a determination by the Senate Parliamentarian on the application of the Byrd rule in connection with the resolution, despite a point of order being raised by Senate Democrats. Whether Senate Republicans intend to bypass the Parliamentarian on application of the Byrd Rule in connection with budget reconciliation legislation is unclear, as is the effect of bypassing the Parliamentarian on Senate rules generally.

The Senate resolution now goes back to the House to consider the Senate changes. Already opposition has arisen regarding the potential effect of the Senate changes on deficits. House Republicans concerned about deficits have particular concerns about both the elimination of the House-required spending cuts and the potential permanent extension of the TCJA tax cuts without offsets. Republicans have only a seven-vote margin in the House, which makes passage uncertain.

**Tariffs.** The President announced on April 2 a schedule of new tariffs that include both a 10% base tariff on 185 countries, with higher so-called “reciprocal” tariffs on almost 60 countries that range up to 50%. These reciprocal tariffs include, for example, tariffs of 20% on imports from the European Union, 24% on Japan, 25% on South Korea, 54% on China, and 32% on Taiwan. Other tariffs previously imposed on Canada and Mexico, and on steel, aluminum, autos, and auto parts remain.

The new tariffs are being imposed by executive order issued under the authority of the International Economic Emergency Act, based on a declaration of emergency under the National Emergencies Act. The Senate narrowly passed a resolution last week to revoke the President’s emergency declaration with respect to Canadian tariffs, although the House is not expected to consider it.

Senator Maria Cantwell (D-WA) has introduced a bill in the Senate with seven Republican co-sponsors that would limit the president’s power to impose tariffs without concurrence of Congress, although it is uncertain whether the bill can pass the Senate, as it would require 60 votes. Rep. Don Bacon (R-NE) has indicated he will introduce a companion bill in the House.

**Confirmations.** The Finance Committee is scheduled to hold a hearing on the nomination of Kenneth Kies to be Assistant Secretary of the Treasury for Tax Policy. Kies, a long-time Washington tax lobbyist, has previously served as Chief Republican Tax Counsel of the House Ways and Means Committee and Chief of Staff of the Joint Committee on Taxation.

There has been no action on the nomination of Billy Long to be Commissioner of Internal Revenue. And the President has not nominated anyone for the position of IRS Chief Counsel, the other Senate-confirmed IRS position.

*The following information is not intended to be “written advice concerning one or more Federal tax matters” subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230.*

*The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.*

*This article represents the views of the author or authors only and does not necessarily represent the views or professional advice of KPMG LLP.*

---

## Contacts

### John Gimigliano

Principal-in-charge, Federal Tax,  
Legislative & Regulatory Services

Washington National Tax

T: 202-533-4022

E: [jgimigliano@kpmg.com](mailto:jgimigliano@kpmg.com)

### Jennifer Acuña

Principal, Federal Tax, Legislative &  
Regulatory Services

Washington National Tax

T: 202-533-3800

E: [jenniferacuna@kpmg.com](mailto:jenniferacuna@kpmg.com)

Learn about us:



[kpmg.com](https://kpmg.com)

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. USCS012900-2A

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.