KPMG

TaxNewsFlash

United States

No. 2024-428
November 6, 2024

KPMG report: Election results, preliminary observations regarding effect on future tax agenda

Election day in the United States was yesterday, November 5, 2024. As of today, many media outlets are predicting that former President Donald Trump will receive more than the number of electoral votes needed to be the next president. In addition, although the final count of Republicans and Democrats in the U.S. Senate is still unresolved, it is certain that Republicans will be in control of the chamber. Whether the next U.S. House of Representatives will be controlled by Republicans or Democrats, however, may not be known for several more days. Set out below are some preliminary observations regarding the possible implications of the election results known as of today on tax legislation in 2025.

Trump campaign tax proposals

Trump did not present a formal tax plan during his campaign, but he did discuss the following proposed changes to the current U.S. tax system:

- Make permanent the expiring tax cuts in the “Tax Cuts and Jobs Act” (TCJA) (read *TaxNewsFlash*)
- Eliminate taxes on tip wages, overtime, and Social Security payments
- 15% corporate rate on certain “domestic goods”
- Eliminate the limitation on deduction of state and local taxes (SALT cap)
- Broad tariffs

Trump did not discuss any specifics regarding how or whether the costs of these proposals might be offset, and the only proposal he stated in writing (as opposed to just stating verbally) is the proposal to make the expiring TCJA tax cuts permanent. Nonetheless, it is expected that Trump will pursue major tax changes as part of his agenda.

Outlook for tax legislation in 2025 if Republicans control the House

If Republicans maintain control of the next U.S. House of Representatives, major tax legislation in 2025 is likely to be introduced by way of special “budget reconciliation” procedures that allow tax legislation to be passed with only a simple majority vote in the Senate without being subject to a filibuster. Using the reconciliation process would allow Republicans to pass tax legislation with little or no support from the Democrats in the Senate. The procedure of budget reconciliation has been routinely used by both parties to enact tax legislation when one party is in control of Congress and the White House. Recent examples include the TCJA and the Inflation Reduction Act of 2022.

Senate Finance Committee changes

Senator Mike Crapo (R-ID) will become the chair of the Senate tax-writing committee, and current chair Senator Ron Wyden (D-OR) will become the ranking member when the new Senate is sworn in next January. Due to retirements or electoral losses, there could be four or more new Democratic members of the committee replacing outgoing Democratic members. Republicans also stand to gain at least one new member of the committee now that they will control the chamber.

Treasury Secretary nominee

Trump has not indicated who will be his nominee for Treasury Secretary.

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