



Tax Uncertainty 2025: The Tax Cliff

Ryan Taylor
US Tax Leader
Building, Construction
& Real Estate

April 2025

Disclaimer

In preparing this advice, we considered tax authorities that are subject to change, retroactively, prospectively, or both, and any such changes could affect the conclusions stated herein. This advice is based on the completeness and accuracy of any one or more of the facts, assumptions, and client representations on which we relied, relating to the matters to which this advice is addressed. Unless separately agreed in writing, we will not update our advice for subsequent changes or modifications to the law, regulations, or to the judicial and administrative interpretations thereof, nor to take into account your correcting, updating, or providing new or additional facts or information you supplied or any assumptions on which we relied in preparing our advice.

The advice or other information in this document was prepared for the sole benefit of KPMG's client and may not be relied upon by any other person or organization. KPMG accepts no responsibility or liability in respect of this document to any person or organization other than KPMG's client.

Any use of terms in this PowerPoint of the words "should", "would" or "will" is for stylistic purposes only and is not intended to convey a specific level of comfort.

ANY TAX ADVICE IN THIS COMMUNICATION IS NOT INTENDED OR WRITTEN BY KPMG TO BE USED, AND CANNOT BE USED, BY A CLIENT OR ANY OTHER PERSON OR ENTITY FOR THE PURPOSE OF (i) AVOIDING PENALTIES THAT MAY BE IMPOSED ON ANY TAXPAYER OR (ii) PROMOTING, MARKETING OR RECOMMENDING TO ANOTHER PARTY ANY MATTERS ADDRESSED HEREIN.

President Trump: Campaign tax proposals

No formal tax plan released

Make permanent the expiring TCJA provisions

Taxation of individuals – additional proposals

- Eliminate taxes on Social Security payments
- Eliminate taxes on tip wages or overtime wages
- Enact tax benefits for first responders
- Enact tax benefits for caregivers
- Eliminate \$10,000 SALT cap
- Create deduction for car loan interest expense

Taxation of businesses – additional proposals

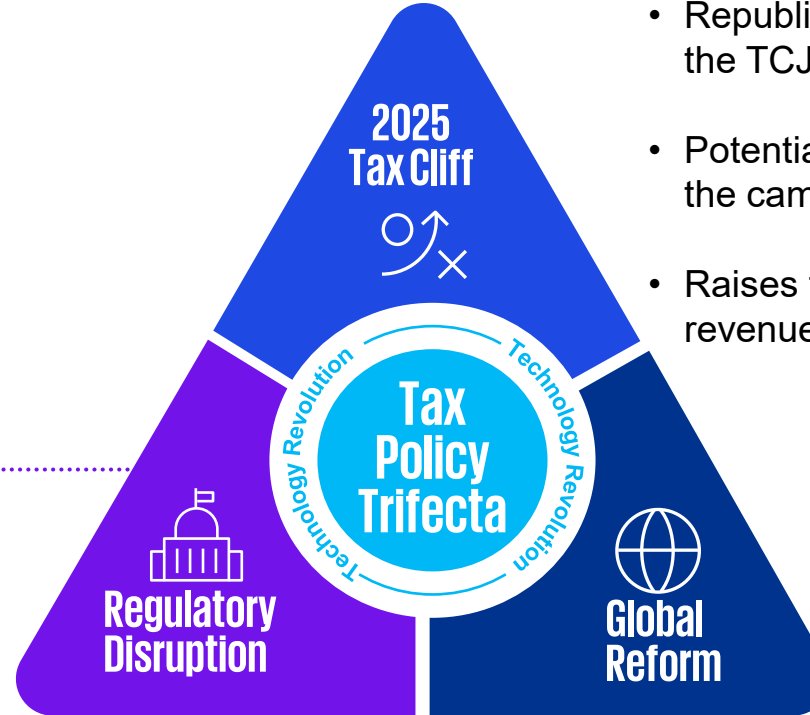
- “Made in America” rate - 15% corporate rate on certain U.S. manufacturing income
- Double section 179
- Create special manufacturing zones on federal land “with ultra low taxes and regulations for American producers”

Tax Policy Trifecta

2025 Tax Cliff and Potential for New Tax Cuts:

Regulatory Disruption:

- Constantly evolving and complex regulatory landscape
- Aggressive regulatory agenda of the new administration
- *Loper Bright*, the Supreme Court decision limiting deference to agency regulations
- New and increased tariffs



- Republican priority to extend the tax policy reflected in the TCJA, which would cost over \$4T over 10 years
- Potential for new tax cuts, including those promised on the campaign trail could add another \$1T+
- Raises the possibility that Congress will look to raise revenue from large corporates to partially offset the cost

Global Reform:

- Ongoing implementation of the global minimum tax (Pillar 2)
- Other global developments, such as failing to reach a deal on DSTs/Pillar 1 and ongoing efforts at the UN to expand source-based taxing rights
- US retaliatory measures aimed at Pillar 2 adoption in other jurisdictions

Select Executive Orders

Regulatory Freeze Pending Review

- No proposed rules without approval by the new administration
- Directs withdrawal of rules not yet published

America First Trade Policy

- Directs reporting on various trade measures
- Directs Treasury to investigate section 891 discriminatory or extraterritorial taxes

OECD Global Tax Deal

- Rejects U.S. commitments related to the “OECD Global Tax Deal: unless enacted by Congress
- Identify extraterritorial taxes disproportionately impacting US Companies

Unleashing American Energy

- Pauses disbursements appropriated under IRA and IIJA
- Does not address IRA or IIJA tax provisions

Civilian Hiring Freeze

- No vacant civilian position may be filled except as provided in EO or applicable law
- OPM may grant waivers
- Does not apply to military, immigration enforcement, public safety, national security

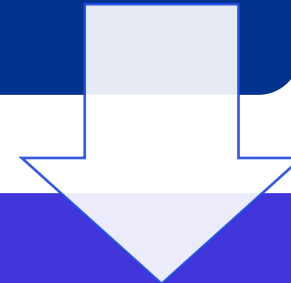
As of January 22, 2025



© 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.

The Tax Cliff of 2025: Overview

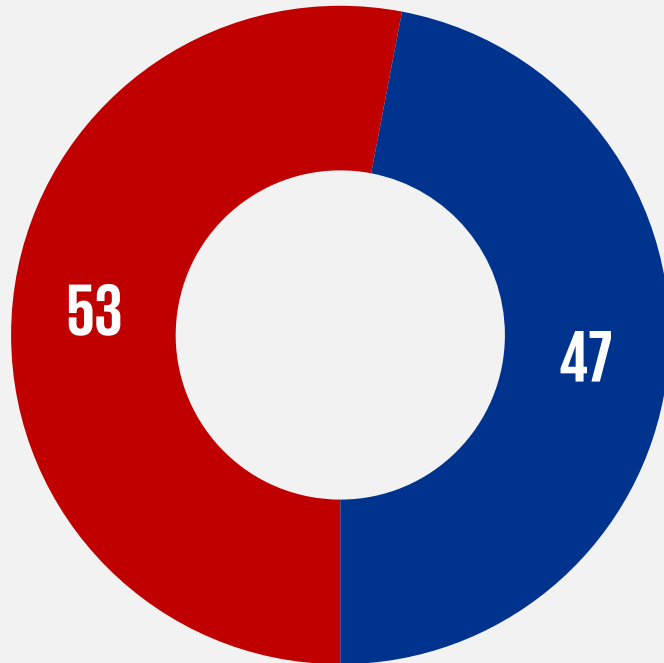
Over \$4 trillion in tax cuts enacted in 2017 are scheduled to expire at the end of 2025



This dynamic sets up the strong possibility for a large tax bill in 2025-2026, possibly including new tax increases to offset the cost

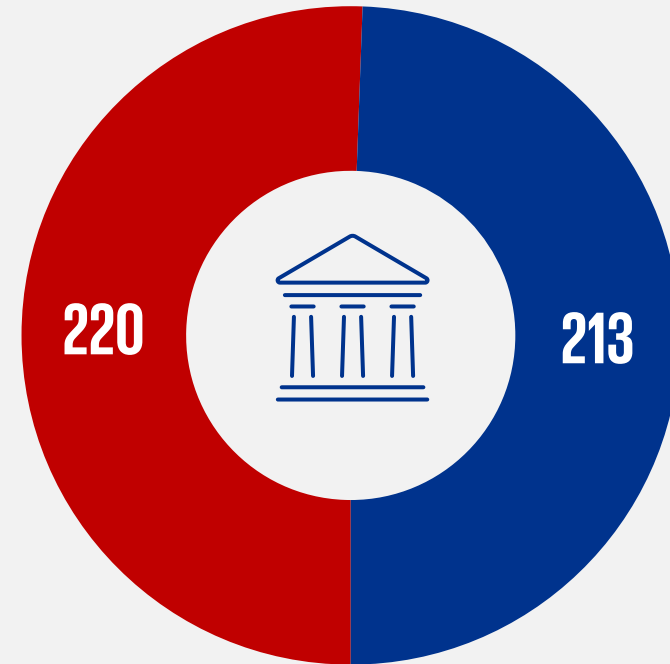
The 119th Congress

U.S. Senate



■ Republicans ■ Democrats

U.S. House of Representatives



■ Republicans ■ Democrats

Major legislation in a divided government

*Independent Senators who caucus with the Democrats have been included in the Democratic tally

Control of Congress and the White House by party

■ Republican control

■ Democratic control

- 2009-2024; Composition on January 20 of each year

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
House	D+77	D+78	R+49	R+50	R+33	R+33	R+59	R+59	R+47	R+45	D+36	D+34	D+11	D+9	R+9	R+8	R+7*
Senate	D+16	D+20	D+6	D+6	D+10	D+10	R+8	R+8	R+4	R+2	R+6	R+6	50-50	50-50	D+2	D+2	R+6
White House	Obama	Obama	Obama	Obama	Obama	Obama	Obama	Obama	Trump	Trump	Trump	Trump	Biden	Biden	Biden	Biden	Trump

↑
ACA
\$143B deficit decrease

↑
TCJA
\$1.46T deficit increase

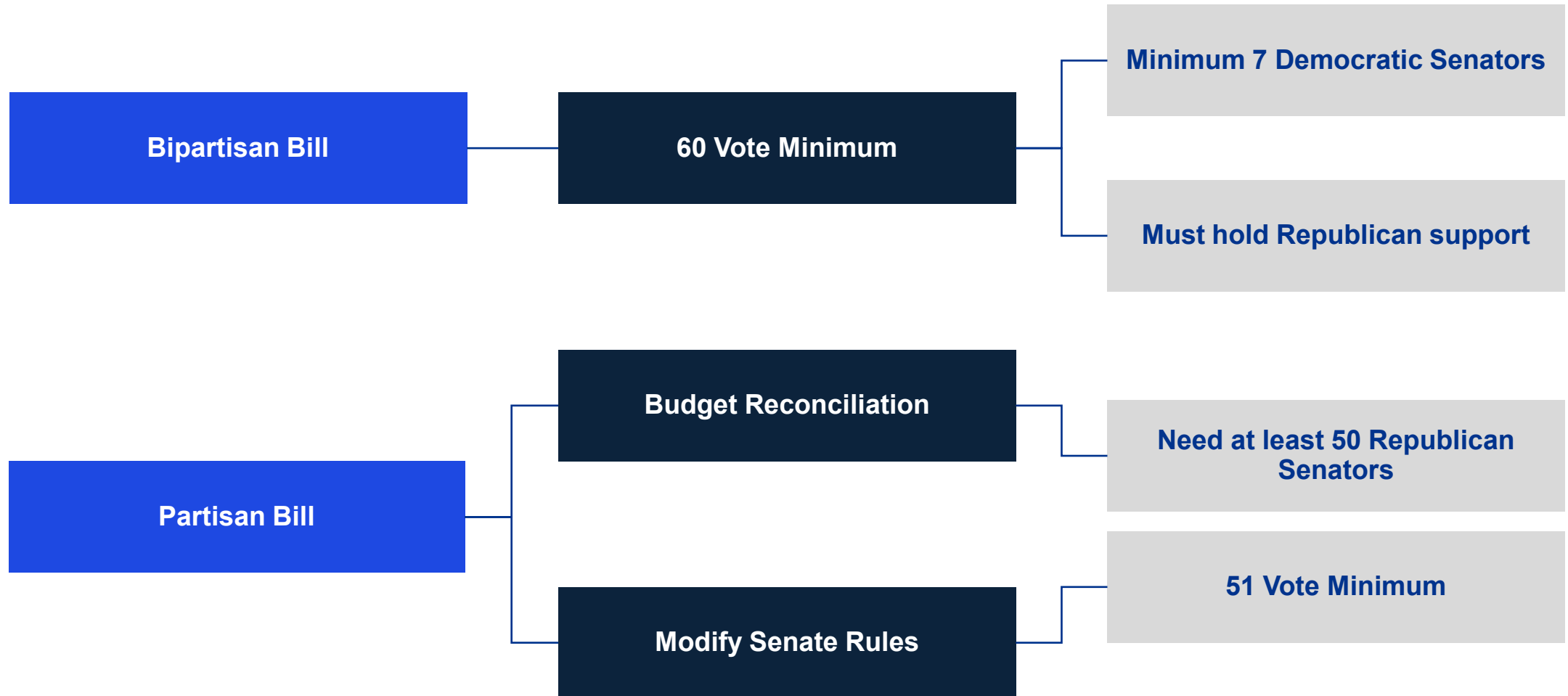
↑
ARPA
\$1.85T deficit increase

↑
IRA
\$90B deficit decrease

*Awaiting special elections to fill 2 vacancies

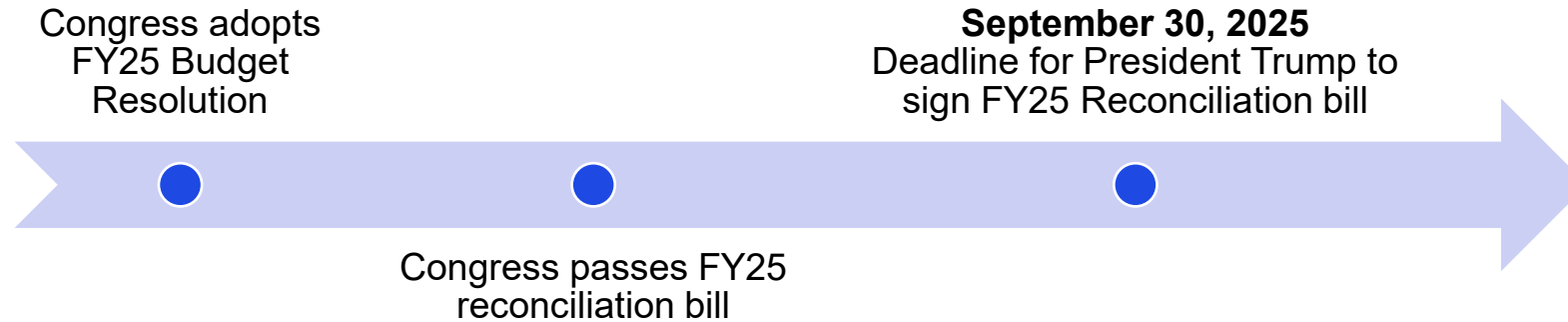


Two Senate paths to a major tax bill

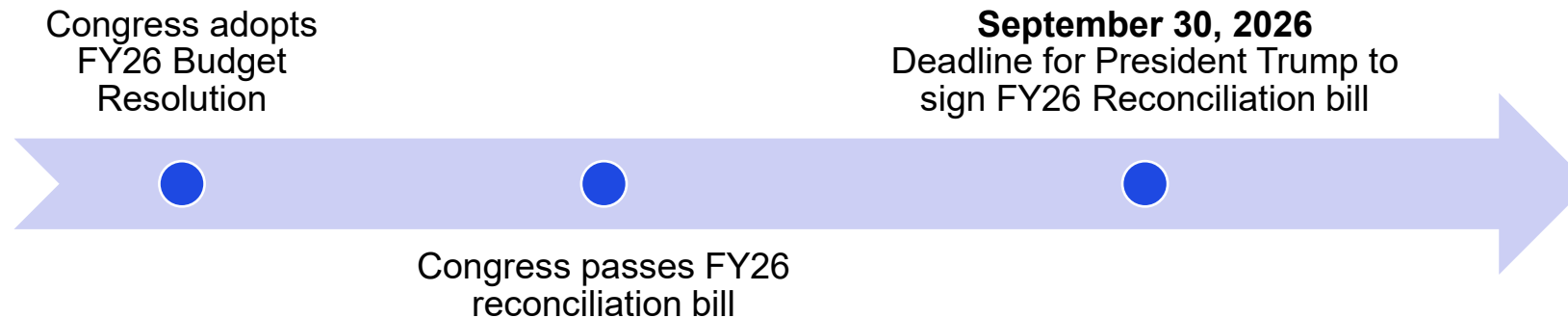


Possible 2025 reconciliation bills

Reconciliation bill #1



Reconciliation bill #2



TCJA provisions undergoing change

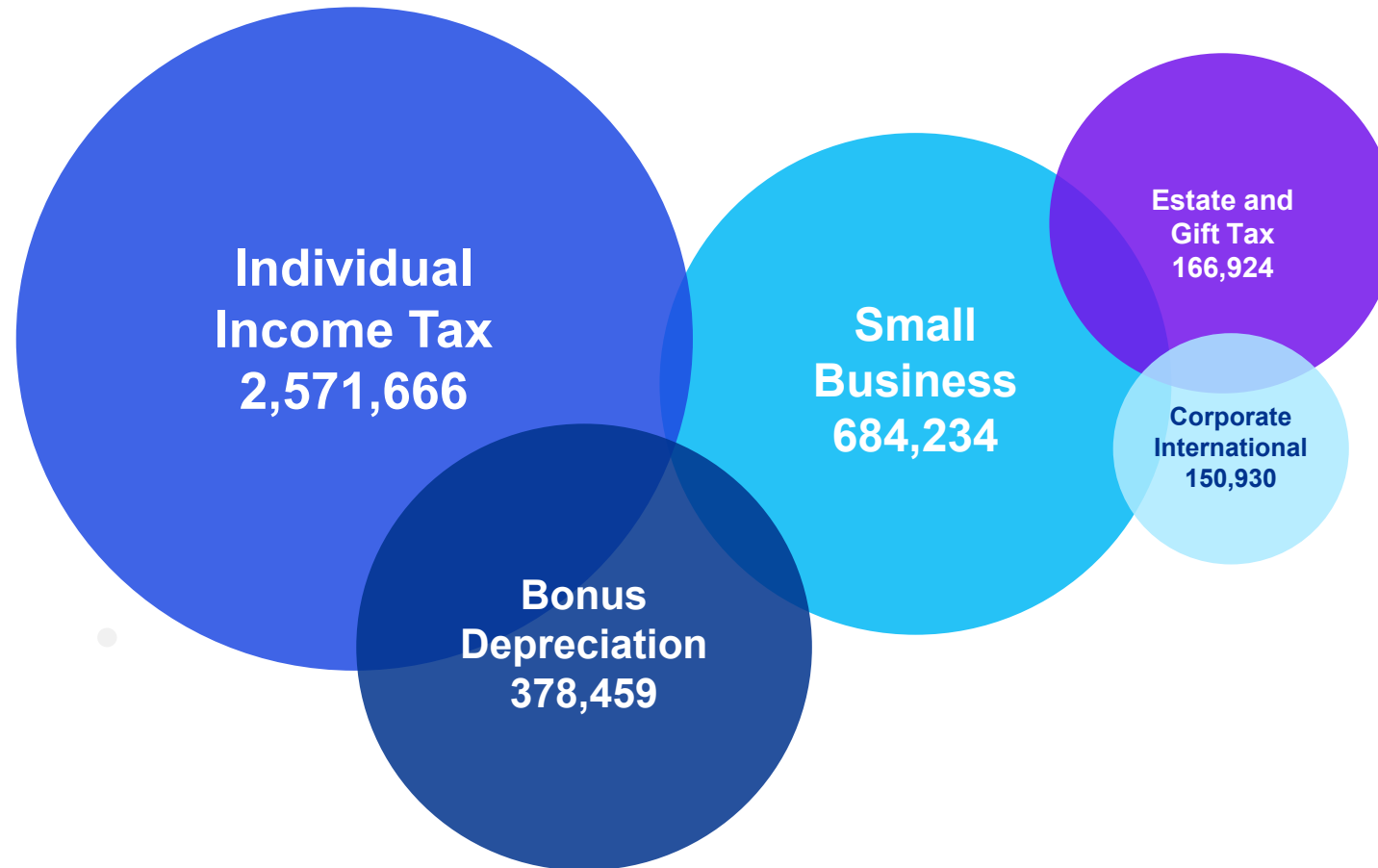
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Individual Rate Reduction		Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	
Modification of Individual AMT		Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	
Increased Standard Deduction		Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	
Increased Child Tax Credit		Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	
SALT Deduction Limited to \$10k		Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	
Excess Business Loss Limitation*					Temporary	Temporary	Temporary	Temporary	Temporary	
Increased Estate Tax Exemption		Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	
§199A Pass-Through Deduction		Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	
Corporate Rate Reduction		Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
Corporate AMT Repeal**		Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
Immediate Expensing of CapEx		Temporary	Temporary	Temporary	Temporary	Temporary	Phasing out	Phasing out	Phasing out	Phasing out
§163(j) Business Interest Limitation		Temporary	Temporary	Temporary	Temporary	Permanent	Permanent	Permanent	Permanent	Permanent
GILTI (10.5% → 13.1%)		Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Permanent
FDII (13.1% → 16.4%)		Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Permanent
BEAT (10% → 12.5%)		Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Temporary	Permanent
NOL Limitation					Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
§174 R&E Capitalization						Permanent	Permanent	Permanent	Permanent	Permanent

■ Temporary
 ■ Permanent
 ■ Phasing out

* Excess Business Loss Limitation extended to 2028
 ** New Corporate AMT effective beginning 2023



Cost of Extending 2017 Law By Category (in millions)



Source: Joint Committee of Taxation and Congressional Budget Office Estimates

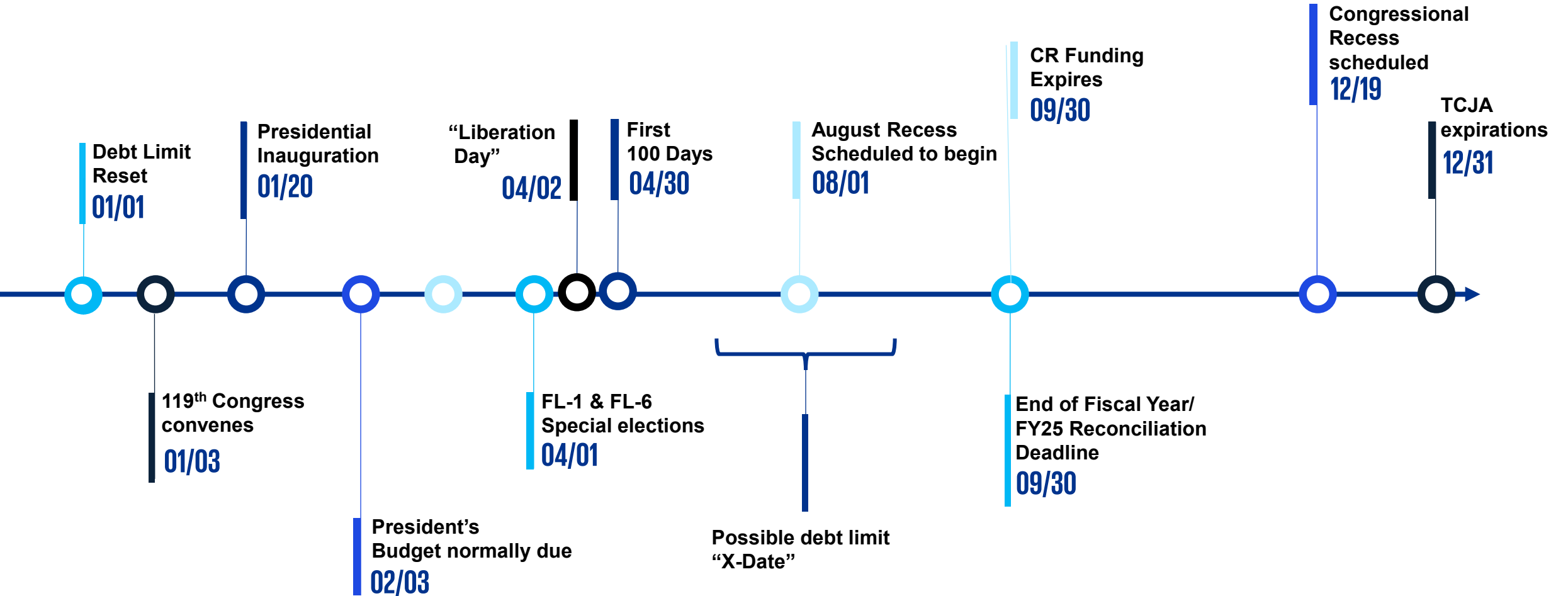


© 2025 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

President-Elect Trump – Campaign Tax proposals

- Make permanent the expiring TCJA tax cuts
- Eliminate or reduce taxes on tip wages, overtime, and Social Security payments
- 15% corporate rate on domestic manufacturing
- SALT cap elimination
- Tariffs as revenue offsets

2025 important dates



Possible Proposals to Raise Revenue

- Discriminatory tax retaliation measures
- IRA energy credit repeal
- Stock buyback rate increase
- Round-tripping tax
- Limit deductions for executive compensation
- “C-SALT”
- Tariffs

Resources

Selected resources

Description

Podcast series:
[Catching up on Capitol Hill](#)

Insights from KPMG professionals about current developments in Washington to help make sense of tax policy discussions – what may happen next, why it's happening, and potential impacts.

[Legislative Updates Homepage](#)

Latest tax developments from the United States and from KPMG member firms around the globe



Contact

Ryan S. Taylor
Partner, Tax
KPMG LLP

678-592-0965

rstaylor@kpmg.com

[LinkedIn](#)

