



### House Tax Bill Would Add ~\$2.5 Trillion to US Deficits

According to the Tax Foundation, the US House of Representatives GOP tax bill would raise the US debt ceiling by \$4 trillion and add ~\$2.7 trillion to US deficits over the next decade. On June 4, the Congressional Budget Office (CBO) released an updated scoring of the 10 year deficit impact at \$2.4 trillion. In the months ahead, the US Senate will make substantive changes to the Bill and then work with a fragile GOP House majority to reconcile differences. Though the end of August remains the target for passage into law, the complexity and cost of tax cuts could delay timing to Q4.

**Deficits** 

Deductions

Proposed deficit changes, through 2034

Deficit increases (USD, bn):				Revenue raisers (USD, bn)		
Extend tax cuts \$2,180				Repeal personal exemption \$1,870	al & itemized	Deficit increases \$2,751
Permanent expansion of alternative minimum tax (AMT) \$1,410  Permanent increase in standard deduction \$1,310			Revision to SAI \$916	LT cap		
Permanent increase in deduction for pass- through businesses \$820	Eliminate tax on tips & overtime \$164	Higher estate tax exemption \$212	Extend TCJA business tax provisions \$274	Repeal IRA green energy credits \$559  Medicaid cuts		
Expansion of child care tax credits		Other tax changes \$50		\$625		
\$797	Defense & Border		SNAP cuts	Tuition aid		

# Tax is Complicated, Contentious & Expensive

With a narrow and fragile GOP majority in the House in particular, reconciling the high cost and complexities of a multi-trillion tax bill with the US Senate will be exceptionally difficult. While President Trump has requested a final bill by July 4th, the Republican Congress is targeting late August with the possibility of delays until Q4.

\$3 trillion increase over 10 years

\$300

**cuts \$**346

#### Selected areas of 2025 Tax Bill complexity for the US Senate & House to reconcile

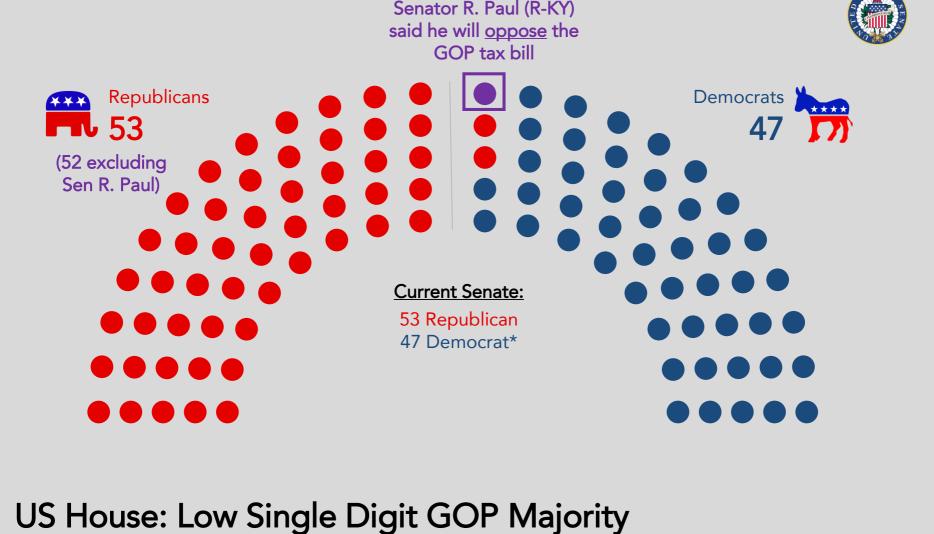
ШШШ		,
000	Medicaid & SNAP	Nearly \$1 trillion of spending cuts for low income individuals
%	SALT Cap	Raising size of deduction benefits large blue states (CA, NY, NJ)
	IRA Cutbacks	75% of IRA clean energy projects are in Republican red state districts
	"Revenge" taxes	Expansive US Treasury tax powers to punish foreign companies (Section 899)
	Timing	Permanent tax cut extensions vs shorter periods
[]	Dadwatiana	Plethora of business and individual deductions are complex

## With fiscally hawkish US Senator Rand Paul (R-KY) already clarifying that he will oppose

**US Senate: Narrow 2 Person GOP Majority** 

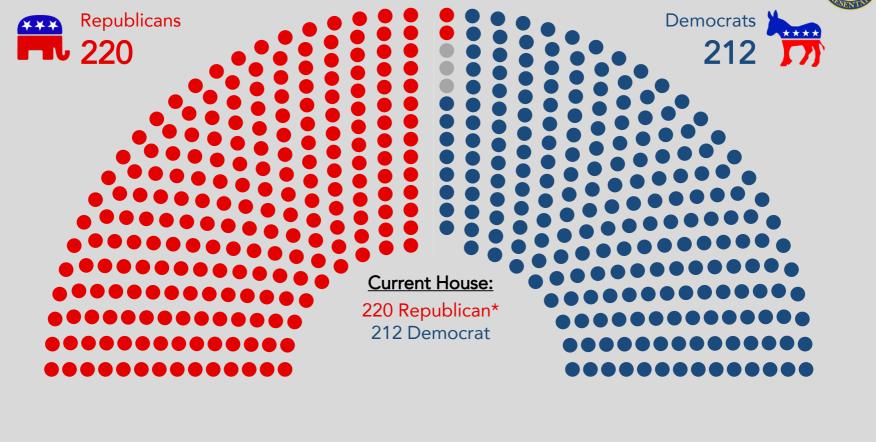
President Trump's 2025 fiscal expansion, the GOP majority in the Senate to reconcile passage of the House's tax bill is an exceptionally narrow one at just two votes.

and expensive



#### The US House passed President Trump's big, beautiful tax bill by a narrow one person 215-214 majority on May 23rd. With substantive changes likely in the US Senate, reconciliation

with the fragile GOP coalition in the House will be exceedingly difficult.



Source: (1-4) CBO. Bipartisan Policy Center. The Tax Foundation. WSJ. NYT. Bloomberg Government. Includes 2 Independents who caucus with Democrats. Grey dot represents the vacant seats for Rep. Turner (D-TX) who died on 3/5/2025, Rep. Grijalva (D-AZ) who died on 3/13/2025 and Rep Connolly (D-VA) who died on 5/21/2025. Data as of June 3, 2025.



Global Corporate & Investment Banking



Tom.Joyce@mufgsecurities.com

(212) 405-7472



"Macro stability isn't everything, but without it, you have nothing."

