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A corporate tax bill scored an impressive victory last night in the House. The legislation still faces some hurdles in the Senate, but the House vote signals momentum for the bill, and its chances of becoming law have increased. The corporate tax bill could also open the door to an increase in the cap on the State and Local Tax (SALT) deduction.

On Wednesday night, the House passed H.R. 7024, the Tax Relief for American Families and Workers Act of 2024, by a vote of 357-70. The lopsided win provides the bill with some momentum as it heads to the Senate. Chances of the bill passing have improved, but challenges remain.

The bill would allow the immediate expensing of R&D expenditures, restore bonus depreciation, and expand the formula used to calculate the 30 percent cap on the business interest deduction. These changes would expire after 2025 and are retroactive to 2023. The bill also expands the Child Tax Credit (CTC).

Timing for the Senate's consideration of the bill remains unclear. The Senate is scheduled to be in session until February 9 but will then be out of town until February 26. Senators will need to reach an agreement on the timing of a Senate floor debate and vote on the bill. Also, some Republican Senators have raised questions about the CTC, while others have questioned the political wisdom of passing any legislation that could benefit President Joe Biden in an election year. Despite the hurdles in the Senate over timing and the CTC, the House vote was a positive sign for the bill's chances in the Senate.

As part of an agreement in the House to secure support of blue state Republicans (particularly from New York) for the corporate tax bill, the House is working on a separate bill that would raise the cap on the SALT deduction to \$20,000 for married couples. The House could vote on the SALT bill in the coming weeks, but its prospects are unclear. While the New York delegation wants SALT relief, most Republicans support the current cap on SALT deductibility on the grounds that the deduction is a standard operating procedure to profligate blue states. At the same time, some Democrats who represent those blue states don't want to vote for a tax bill that would be portrayed as a tax cut for the rich. Chances for SALT relief have increased, but we think the probability of the bill passing are slightly less than 50/50.

[Click here](#) for the OCC's notice of proposed rulemaking.

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