

## **SUMMARY: CLOSING TAX LOOPHOLES IN THE INFLATION REDUCTION ACT OF 2022**

*Updated: August 10<sup>th</sup>, 2022*

The *Inflation Reduction Act* raises approximately \$472 billion to pay for deficit reduction, clean energy, and climate investments. The bill's four main tax components close tax loopholes used by the wealthiest Americans and big corporations.

**Democrats have been clear – the *Inflation Reduction Act* will not raise taxes on any family making \$400,000 or less.** In fact, the non-partisan Joint Committee on Taxation just reported that taxes on those families would actually *be reduced* under the IRA. Every year, hardworking American families pay their taxes on time while wealthy millionaires and billionaires avoid paying the taxes they owe to the federal government.

- 1. The *Inflation Reduction Act* imposes a corporate alternative minimum tax on corporations that earn more than \$1 billion in annual profit, but do not pay at least a 15-percent tax rate.**
  - Up to 125 corporations that average nearly \$9 billion in profit paid effective tax rates of just 1.1 percent, and the minimum tax will make sure they pay their fair share. This provision will raise \$222 billion.
  
- 2. Providing the IRS resources to rebuild its antiquated systems to make the wealthy pay taxes is very popular with the American people.**
  - According to recent polling, nearly three-quarters of Americans believe the IRS should conduct more tax audits of large corporations and millionaires. By investing \$80 billion over the next ten years for tax enforcement and compliance, the Congressional Budget Office estimates the IRS will collect \$203 billion.
  - In a [letter](#) from IRS Commissioner Rettig, the Administration recently *reinforced that no family making under \$400,000 per year will see increased audits.*
  
- 3. The 1 percent fee on stock buybacks by publicly-traded corporations would level the playing field for workers.**
  - The new provision would reform the tax code so it stops favoring buybacks for rich shareholders and executives over investments in workers and innovation. This raises \$74 billion.
  
- 4. Finally, the bill would help prevent the wealthiest Americans from sheltering their nonbusiness income and avoiding taxes.**
  - By extending the limitation on excess business losses for two years, the bill would raise an additional \$52 billion.