

Inflation Reduction Act of 2022

The Inflation Reduction Act of 2022 was recently passed by the Senate. It is expected to pass the House of Representatives quickly and be signed by the President soon after. This is a significantly scaled down version of the Build Back Better Act of 2021 which failed to get through the Senate last year.

Key Tax Provisions

- Implements a 15% corporate alternative minimum tax on the adjusted financial income statement income of certain corporations with an annual adjusted financial statement income greater than \$1 billion. The goal is to raise taxes on large corporations that generate significant book profits but pay little to no income tax.
- Creates a 1% excise tax on stock buybacks for most publicly traded corporations.

Excluded Tax Provisions

The legislation does not include a variety of Democratic proposals, many of which were in prior versions of the Build Better Back Act. Among the items *excluded* from the legislation are:

- Changing the taxation of carried interest;
- A 3.8% additional tax on the income of active owners of a closely held business;
- Increasing the State and Local Tax (SALT) deduction above the current \$10,000 cap;
- Grantor trust reform;
- An expanded child tax credit; and
- A surtax on income above \$10,000,000.

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