Congress clears “Inflation Reduction Act” reconciliation bill for White House action

August 12, 2022

In brief

Congress has given final approval to the “Inflation Reduction Act” reconciliation bill, clearing the legislation to be signed by President Joe Biden. The House on August 12 voted 220 to 207 to approve without change a broad package of tax, energy, and healthcare provisions, which was approved 51 to 50 on August 7 by the evenly divided Senate with the tie-breaking vote of Vice President Kamala Harris. White House officials have indicated that the President will sign the legislation in coming days.

Key revenue-raising provisions include:

- a 15% book-income alternative minimum tax on corporations with financial accounting profits over $1 billion, which is estimated by Joint Committee on Taxation (JCT) staff to raise $222 billion over 10 years;
- a 1% excise tax on the value of certain net stock repurchases by publicly traded corporations, which is estimated by JCT staff to raise $74 billion over 10 years;
- an $80 billion increase in IRS tax enforcement funding, which is projected to increase federal tax receipts by $204 billion over 10 years; and
- a two-year extension of the excess business loss rules under Section 461(l), which is estimated by JCT staff to raise $53 billion over 10 years.

The bill features $370 billion in spending and tax incentives on energy and climate change provisions. These provisions are intended to spur investments not only by traditional energy companies but also by companies in the transportation, real estate, and manufacturing industries, and include significant enhancements if the projects meet certain wage, domestic content, or location requirements. The bill also reinstates certain Superfund excise taxes, imposes a fee on methane-related emissions, and includes various other excise taxes.

The bill features significant changes to federal prescription drug pricing policies that seek to reduce costs for individuals receiving care through Medicare. The bill also includes a three-year extension of expanded Affordable Care Act (ACA) health care benefits through 2025.
For more details on the legislation

PwC Insight: Senate passes "Inflation Reduction Act" reconciliation bill

JCT staff revenue estimates

Let’s talk

For a deeper discussion of how this issue might affect your business, please contact:

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