**Tax Tips  
Volume 12, Issue 17  
For distribution 2/17/23; publication 2/20/23**

**The Inflation Reduction Act: Healthcare, Business, and Other Provisions**

The Inflation Reduction Act of 2022 (the “Act”) includes a range of new tax rules addressing various areas. While one of its significant goals is to address climate change and jump-start clean energy production via expanded electric vehicle and energy efficiency credits, the Act also includes other provisions intended to address inflation by reducing the amount of government spending, imposing new revenue streams, and decreasing healthcare costs for Americans.

In this article, we’ll cover the non-energy provisions of the Act that affect your taxes.

**Healthcare Provisions in the Act**

The Affordable Care Act program is extended through 2025. With additional funding, this is expected to allow higher-income households to qualify for the Premium Tax Credit, as well as increase the subsidy for lower-income households.

The Act limits annual out-of-pocket costs of prescription drugs for seniors on Medicare to an estimated $4,000 by 2024 and $2,000 by 2025. Additionally, Medicare is able to negotiate certain prescription prices with drugmakers. Other Medicare benefits are expanded, including free vaccines and $35 per month insulin costs, by 2023.

**Business Tax Provisions**

Effective for tax years beginning on or after January 1, 2023, C corporations with average adjusted financial statement income greater than $1 billion over any consecutive three years will now pay a minimum 15% tax on corporate book income.

The Act creates a 1% excise tax on the value of publicly-traded stock that is repurchased by the corporation or certain subsidiaries, effective after December 31, 2022. This new tax excludes buybacks of less than $1 million, repurchases connected to contributions to retirement savings plans, repurchases treated as dividends, and certain other transactions.

The limitation on pass-through net business losses for noncorporate taxpayers that was enacted in the 2017 Tax Cuts and Jobs Act (TCJA) is extended through 2028. The business loss deduction in 2022 is limited to $540,000 for joint filers and $270,000 for all other filers.

Increased R&D credits are provided for eligible start-up businesses that elect to apply the credits against employer payroll tax liability instead of income tax. The eligible amount is increased from $250,000 to $500,000, effective January 1, 2023.

**Other Provisions**

The Act provides nearly $80 billion in additional funding to the IRS over the next ten years. Last year, social media posted that IRS would be hiring 87,000 armed personnel with this money. This is not true. This extra funding will increase hiring, but the new employees will work in operations, systems, and taxpayer services as well as collections. As of this writing, only four percent of IRS employees work in the Criminal Investigation Division.

As always, if you have any questions about any of these changes, feel free to reach out any time.

\*\*\*

Tweets

Insert a link to your newsletter, website or blog before you post these:

Our latest blog: “The Inflation Reduction Act: Healthcare, Business, and Other Provisions” is available now! Subscribe here: [link]

Want to know more about the non-energy provisions of the Act that affect your taxes? Learn more in our latest blog article: [link]

The Inflation Reduction Act includes provisions intended to address inflation by reducing the amount of government spending, imposing new revenue streams, and decreasing healthcare costs for Americans. Learn more in our latest blog article: [link]

#BusinessTip: After 2023, taxpayers can elect to transfer their electric vehicle (EV) credit to treat it as a payment to the dealer. Learn more here: [link]

With the Inflation Reduction Act of 2022, the Affordable Care Act program is extended through 2025. Learn more in our latest blog article: [link]

DID YOU KNOW… The Inflation Reduction Act of 2022 provides nearly $80 billion in additional funding to the IRS over the next ten years. Learn more here: [link]

If you want to know more about the business tax provisions in the Inflation Reduction Act of 2022, you’ll want to check out our latest blog article: [link]

Have questions about some of the provisions included in the Inflation Reduction Act of 2022? Check out our latest blog for more info: [link]