THE INFLATION REDUCTION ACT

AMERICANS FOR TaxFairness

Inflation Reduction Act: Tax Reform Toplines

- The Inflation Reduction Act will improve the lives of working families by **bringing down the prices of prescription drugs, health insurance and household energy**.
- It **makes historic investments in clean energy**, such as wind, solar and electric cars, to combat the climate crisis that threatens our communities with fires, floods and droughts.
- It is **fully paid for** by making billion-dollar corporations and the wealthy pay a fairer share of taxes and by curbing drug-corporation price gouging.
- No one **making under $400,000 will pay more in taxes**.
- **Deficit will be reduced by nearly $300 billion.**
- **Not one Republican voted for this plan.** Rather than supporting working people they stood with the wealthy and corporate special interests.

Historic Reform but…

- **2020 Presidential campaign plans:**
  - **$10 trillion** in investments and taxes on rich and corporations proposed by Senators Sanders and Warren
  - **$4 trillion** proposed by Joe Biden
- **Biden as President:** **$3.3 trillion** in investments & fair taxes (no infrastructure $)
- **House-passed Build Back Better Act:** **$2 trillion** in investments and fair taxes
- **Inflation Reduction Act:** $465 billion in fair taxes; $390 billion for clean energy; $300 billion for deficit reduction
- **Message/narrative shift on Tax Fairness:** investments paid for by making rich and corporations pay their fair share

Inflation Reduction Act Revenue Raisers

	$ BILLIONS
15% Corporate Alternative Minimum Tax	$222
IRS Enforcement	$101
1% Tax on Stock Buybacks	$74
Passthrough Businesses Deduction Limitation	$53
Superfund Cleanup & Methane Fees	$17
REVENUE RAISED	**$467**

15% Corporate Minimum Tax

- **Raises $220 billion over 10 years:** pays for historic clean energy investments
- **Affects about 150 corporations:** at least $1 billion in profits on “book” income
- 55 major corporations **paid no federal income taxes** in 2020
- Many very profitable corporations **pay a lower tax rate than nurses, firefighters and teachers**.
- Average federal income tax rate for all taxpayers is 13%.
- **Tax Notes report:** Amazon will owe $900 million more a year; AT&T ($2 billion), General Motors ($670 million), Netflix ($189 million), Verizon ($750 million)

Increase IRS Budget $80 Billion Over 10 Years

- **Raises at least $100 billion net:** maybe as much as $400 billion
- **Historic/structural change:** brings IRS into modern age/close the tax gap
- **IRS will hire a lot more auditors targeting the wealthy and corporations**
  - Richest 1% not paying $160 billion a year they owe
  - Audits of millionaires down 71% since 2010
  - Audits of large corporations down 54% since 2010
- **Improves customer service and modernizes technology:** IRS can pay refunds on time and answer phone calls
- **GOP scare tactics to shield rich tax cheats:** Claims there will be an army of 87,000 agents targeting middle-class and small businesses. NOT TRUE

1% Tax on Corporate Stock Buybacks

- **Raises $75 billion:** but more in future if 1% is dialed up to a higher percentage
- Corporations buy back their stock to pass income to shareholders tax free
- **Buybacks are not taxed:** stock dividends are taxed
- Stock buybacks jack up the price of shares enriching CEOs and other wealthy shareholders
- **Richest 1% owns 50% of stocks; richest 10% owns 90%**
- 1% tax may encourage corporations to invest more in workers and productivity

Messages

Suggested Core Message in Support of IRA: The Inflation Reduction Act will help reduce inflation by allowing Medicare to negotiate lower drug prices, lowering health care premiums by an average of $800 a year for 13 million people, by capping out-of-pocket prescription drugs and the cost of insulin for seniors. It is fully paid for by cracking down on wealthy and corporate tax cheats and by making billion-dollar corporations pay a fairer share of taxes. And it will not raise taxes on anyone making under $400,000 or on small businesses.

Best response to GOP attacks on spending/inflation/taxes: The Inflation Reduction Act is more than fully paid for -- in fact, it will reduce the deficit by $300 billion. It does this by making billion-dollar corporations pay a fairer share of taxes, by cracking down on wealthy and corporate tax cheats, and by preventing price gouging by drug corporations. It will not raise taxes on anyone making under $400,000.

Best response to GOP attacks on IRS funding: By restoring IRS staffing levels to where they were before deep Republican budget cuts, this law will make the IRS work better for taxpayers. That means shorter waits to get tax refunds and questions answered and catching more wealthy and corporate tax cheats.