



December 17, 2022

Inflation Reduction Act

On August 16, 2022, President Biden signed the Inflation Reduction Act (IRA). This Act has many different provisions affecting Medicare, apprenticeship programs, and income taxes. This is a summary of tax provisions we expect to impact our clients and is not comprehensive of the IRA.

New Electric Vehicles

- Manufacturer caps apply for 2022 and are lifted for years after December 21, 2022
- EV must be purchased from someone who is licensed to sell vehicles
- Must be assembled in North America if ordered after August 16, 2022
- Modified Adjusted Gross Income must be less than \$300,000 MFJ, \$225,000 HOH, or \$150,000 Single filers for the current or previous year
- MSRP for the car cannot exceed \$55,000
- MSRP for a truck or SUV cannot exceed \$80,000
- \$3,750 credit if meet critical minerals requirement. The dealership will tell customers if the EV meets this requirement
- \$3,750 credit if meet battery component requirement. The dealership will tell customers if the EV meets this requirement
- Buyers may transfer their credit to the dealership as a down payment

Used Electric Vehicles

- EV must be purchased from someone who is licensed to sell vehicles
- Model year must be at least two years earlier than the date of the sale
- Cannot be claimed by a dependent
- Modified Adjusted Gross Income must be less than \$150,000 MFJ, \$112,500 HOH or \$75,000 Single filers
- Credit is lesser of \$4,000 or 30% of the sale price
- Credit is limited to once every 3 years
- Buyers may transfer their credit to the dealership as a down payment starting in 2024

Alternative Fuel Refueling Property Credit

- 2022 credit is lesser of \$30,000 or 30% of the cost per location or \$1,000 limit at personal residence
- 2023 credit is lesser of \$100,000 or 6% of the cost. The rate goes up to 30% if apprenticeship requirements are met

Clean Energy and Efficiency Incentives

- Non business Energy / Energy Efficiency Home Improvement Credit extended – insulation, , windows, energy-efficient appliances
 - All non-commercial homes qualify – renter, landlord, principal residence, second home
 - 2022 rules same as 2021 (10% of cost with cap at \$500 or \$1500)
 - 2023 & future the limit is annual rather than a lifetime limit



- 30% of cost with \$1,200 cap for improvements
- \$150 if get a home energy audit on principal residence
- \$250 exterior door
- \$600 for exterior windows and skylights, central air, electric panels
- \$2,000 credit for electric or natural gas heat pump, biomass stoves/boilers, and electric or natural gas heat pump water heaters
 - 2023 & future Roofing and air circulating fans no longer qualify
 - After 2024 will need ID numbers for qualified property
- Residential Energy Efficient Property Credit / Residential Clean Energy Credit – solar, fuel cell, wind energy, and geothermal heat pumps
 - 2022-2032 credit 30%
 - 2023 credit for battery storage technology without solar panels at same time
 - 2033 solar credit 26%

Excess Business Loss Limitation extended through 2028

Enhanced Premium Tax Credit extended through 2025

Excise Tax on Stock Repurchases

- 1% excise tax on stock redemptions
- Only applies to stock traded on an established securities market
- Does NOT apply if repurchases are less than \$1 million

Funding the IRS

- \$3.2 billion for taxpayer services
- \$45.7 billion for enforcement
- \$25.3 billion for operations support
- \$4.75 billion to modernize business systems
- \$15 billion to investigate direct e-file services by the IRS