

## INFLATION REDUCTION ACT

Enacted on August 16, the **Inflation Reduction Act** (IRA) is a United States law expected to **raise USD 738B over** the next 10 years, enabling investments of **~USD 390B in Energy Security & Climate Change** and **~USD 110B in Healthcare**. **The remaining >USD 230B would be used to reduce the deficit.**

Policy	Cost (-)/Savings (2022-2031)
<b>Energy and Climate</b>	<b>-\$391 billion</b>
<b>Health Care</b>	<b>-\$108 billion</b>
<b>Total, Spending and Tax Breaks</b>	<b>-\$499 billion</b>
<b>Health Savings</b>	<b>\$281 billion</b>
<b>Revenue</b>	<b>\$457 billion</b>
15 Percent Corporate Minimum Tax	\$222 billion
IRS Tax Enforcement Funding*	\$101 billion
1 Percent Excise Tax on Stock Buybacks	\$74 billion
2-Year Extension of the Limitation on Excess Business Losses	\$53 billion
Methane Fee, Superfund Fee, Other Revenue	\$7 billion
<b>Total, Savings and Revenue</b>	<b>\$738 billion</b>
<b>Net Deficit Reduction</b>	<b>\$238 billion</b>

Provisions in the Inflation Reduction Act together with the Bipartisan Infrastructure Law (enacted in November 2021) aim to reduce greenhouse gas emissions by over 1 gigaton of CO<sub>2</sub>e by 2030, achieving a **40% reduction vs. 2005 levels**, (the U.S. target envisages a 50% reduction in CO<sub>2</sub>e vs. 2005 levels).

The focus of the energy-related measures in the IRA is on reducing the costs of renewables and carbon-free electricity, promoting the adoption of electric vehicles (EVs), deploying emerging clean technologies (e.g., CCUS, hydrogen), and providing incentives for domestic production and manufacturing (e.g., EVs, energy-technology components). The primary vehicle to achieve this would be the provision of investment and production tax credits.

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**BIPARTISAN INFRASTRUCTURE LAW**

