

Biden Signs Landmark Tax, Climate, and Health Bill into Law

August 17, 2022

On Tuesday, August 16, 2022, President Joe Biden signed into law a sweeping tax, climate and health-care bill ("the bill"), signifying major legislative victory ahead of the November midterm elections. The bill passed with majority Democratic support in both the Senate and the House.

The bill, renamed the Inflation Reduction Act, contains a wide array of tax provisions intended to raise taxes on corporations and wealthy investors. The legislation is predicted to increase taxes by about \$300 billion, largely by imposing a new 15% corporate minimum tax aimed at companies that earn more than \$1 billion a year. The bill also includes a new 1% excise tax on certain corporate stock buybacks and a minimum tax on large firms that use deductions and other methods to reduce their tax bills. In addition, the bill injects \$80 million into the Internal Revenue Service (the "IRS") in an effort to crack down on tax evasion and beef up the IRS's tax enforcement efforts.

To get the bill signed into law, Biden had to give up some of his most favored provisions that were in the original Build Back Better bill introduced over a year ago, including universal child care and tax cuts for the middle class. In addition, prior to the bill being sent for Biden's approval, the legislators stuck down a provision that would have closed the so-called "carried interest" loophole that currently allows private equity managers and hedge fund executives to pay significantly lower tax rates than most taxpayers.

Cullen and Dykman tax attorneys are reviewing the newly enacted bill and will be sending out a more detailed summary of the tax provisions contained therein shortly. In the meantime, please contact your tax advisors with questions regarding how this new legislation may affect you or your business.

Please note that this is a general overview of the law and no content within this excerpt constitutes legal advice. Nothing herein creates an attorney-client relationship between the sender and recipient.

About Cullen and Dykman's Tax Department

Our Tax Department attorneys provide clients with innovative and practical tax solutions for their matters while learning the ins and outs of the clients' needs and future goals. We are there to assist our clients with every step of their decision-making, from business formation and choice of entity, the tax aspects of transaction financing, to the choice of structure for the clients' investment and exit transactions. We advise on all aspects of federal and state tax laws in transactions ranging from taxable and tax-free mergers and acquisitions and rollovers to

spin-offs, reorganizations and restructurings. We also provide post-transaction counsel and planning, including with respect to the most common aspects of day-to-day business operations, to help our clients achieve the utmost success in meeting their long-term goals.

About Cullen and Dykman

Cullen and Dykman (www.cullenllp.com) has been providing legal services to institutional clients since 1850. The firm represents a wide range of clients, including banks and other financial institutions, energy, telecommunications and water companies, construction companies, insurers, educational institutions, religious organizations, and not-for-profits. With over 190 attorneys in seven offices located throughout the Northeast and Mid Atlantic regions, Cullen and Dykman is strategically positioned to meet the changing needs and demands of our clients.

Practices

- Tax

Attorneys

- Paul N. Ambrose Jr.
- Anna Chen
- Deirdre M. Mitacek