



Here Are The Winners And Losers In The 'Inflation Reduction Act'

Description

USA: As Democrats pat themselves on the back after the Senate finally passed their massive tax, climate, and healthcare bill – the “Inflation Reduction Act” which Senate Majority Leader Chuck Schumer called “one of the most significant pieces of legislation passed in a decade,” [Bloomberg](#) has compiled a list of **winners and losers**.

WINNERS:

The Wealthy



Alec Monopoly

Not only did *none* of the billions in tax increases Democrats threatened high-earners with last year

make it into the final version of the bill, their plans to 'tax the 1%' turned out to be nothing more than a big virtue signal.

Private equity fund managers

As we noted on Friday, the landmark bill **only passed after AZ Sen. Kyrsten Sinema insisted on keeping the carried-interest loophole** that allows investment managers (like her [former bosses](#)) to shield the majority of their income from higher taxes.

The private equity industry was able to gain an additional win shortly before the final passage of the bill when a handful of Democrats broke with their party to vote on a Republican amendment that created a carveout for private equity-owned companies in the corporate minimum tax. -Bloomberg

Speaking of...



Manchin and Sinema were big winners – after having held their party hostage for more than a year over this legislation, “The entire contents of the bill were essentially cherry-picked by Manchin and then tweaked to fit Sinema’s preferences,” according to the report.

The two were also able to score **direct benefits for their states** – with Manchin securing an agreement to permit the completion of the Equitrans Midstream Corp.’s Mountain Valley Pipeline, and Sinema – who was able to secure \$4 billion in drought relief for western states.

The IRS And The Green agenda

The bill will give [\\$80 billion to the IRS](#) over the next 10 years to expand its audit capabilities, as well as a bevy of technology upgrades.

Meanwhile, **electric carmakers** got an extension of a popular \$7,500 per vehicle customer tax credit for EVs, but will have to comply with strict battery and critical minerals sourcing requirements demanded by Sinema and Manchin – which could render the credits useless for years.

Solar and hydrogen companies, such as **Sunrun** and **Plug Power**, Inc. will also benefit from generous tax credits, while **operators of nuclear reactors** such as Southern Co., Constellation Energy Corp., Public Service Enterprise Group Inc. and Energy Harbor Corp. could benefit from a \$30 billion production tax credit.

87,000 new IRS agents, higher taxes, and a massive green energy slush fund.

Anyone who says this bill reduces inflation is lying.

— Tom Cotton (@TomCottonAR) [August 7, 2022](#)

Medicare, Obamacare Enrolees

The final version of the bill caps seniors' out-of-pocket prescription drug expenses to \$2,000 per year, and enables Medicare to negotiate the prices on 10 medications four years from now. The bill also kicks the can on a **massive increase** in Obamacare premiums that were set to happen in January for many middle income Americans, which will now happen in three years.

LOSERS:

Republicans who thought Manchin and Sinema wouldn't cave on their promises to raise taxes during a recession.

The GOP was confident they had beaten back Biden's tax and climate agenda and were stunned in late July when Schumer and Manchin announced a deal. While still the favorites to gain seats in the midterm elections, passage of the bill is a major setback for the GOP's policy aims. It does, however, give them a new issue to campaign on in the fall campaigns. -Bloomberg

Other losers include **tech companies** – that will bear the brunt of **two major tax increases** in the bill; a 15% minimum tax on financial statement profits, **and a new levy on stock buybacks** which have allowed companies like Alphabet's Google and Meta's Facebook to minimize their tax burden over the years.

SALT – the ability to deduct state and local taxes, a \$10,000 cap which coastal Democrats were hoping to repeal.

Bernie Sanders – who *Bloomberg* notes wanted \$6 trillion in spending, making the \$437 billion in new spending a far cry from success. Excluded from the bill is **all proposals for new social programs**, including tuition-free-college, child care, housing spending and an expanded-child monthly tax credit.



by Tyler Durden

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