**Inflation Reduction Act**

Student’s Name

Instructor’s Name

Course Code

Date of Submission

**Inflation Reduction Act**

The Inflation Reduction Act (IRA) of 2022 changed a wide range of tax policies. Ideally, the act allows the United States to address issues related to climate change and the furtherance of environmental justice. Through the act, the United States establishes its position as a world leader in domestic clean energy manufacturing (Littlefield, 2022). Within its climate and energy prearrangements, IRA supports issuing new loans and repowering, repurposing, and replacing energy infrastructure that has stopped operations. By implementing IRA, President Biden's administration commits to lowering costs for families (costs on drugs, health care, and energy), creating good-paying jobs, and growing the economy.

**Inflation Reduction Act (IRA) Creates Clean Energy Jobs**

Biden's administration's primary goal is to create good-paying jobs that will help reduce carbon emissions across every sector of the economy (Littlefield, 2022). The inflation Reduction Act includes some of the most impressive labor protections and incentives assigned to clean energy tax credit schemes. The programs are believed to be sustainable. For instance, IRA seeks to incentivize prevailing wages and stop entities from laying off employees. The widened tax credit for energy-efficient commercial structures and new energy efficient residential will incorporate additional bonus credits for enterprises that pay superior wages and hire registered professionals, ensuring low-road contractors do not underpay (Niazi, 2022). Also, IRA will fine organizations that commit to paying prevailing wages but fail to follow through, subjecting employees and other stakeholders to untold suffering and anger. In this regard, employees who are owed the prevailing wages will get the difference.

IRA seeks to protect Americans who depend on Medicare from disastrous drug costs. The policy will phase in a cap for cheaper costs and institute a new threshold for a thirty-day supply of insulin. In this case, it will be much easier for Medicare to discuss the prices for drugs that are costly. IRA initiates a prescription drug price reform (Levitt, 2022). For family members who benefitted from ACA, IRA extends health insurance contribution funds, bringing down the price beneficiaries will pay for their medication. Also, IRA establishes Make it in America provisions for the use of materials made in the United States for the production of clean energy (Littlefield, 2022). The law bestows widened clean energy tax credits for solar, nuclear, wind, and clean fuels. Similarly, IRA includes bonus credit for organizations that pay employees a prevailing remuneration.

**IRA makes the Tax Code Fairer**

In the United States context, IRA will make the tax code fairer. The policy will seek to stop wealthy individuals and corporations that escape their tax obligations, making sure that the rich pay their fair share (Niazi, 2022). Ideally, IRA will raise revenue by targeting tax evaders, cracking down on the huge profitable entities that get away with paying little federal income tax and imposing a surcharge (usually 1%) on corporate stock buybacks to encourage organizations to invest more in the economy.

***IRA Revitalizes American Manufacturing***

There has been a greater desire to re-energize the American manufacturing sector. IRA invests in American employees and industry. The act seeks to support American workers with targeted tax incentives, strengthen the nation's manufacturing foundation, and build American clean energy supply chains. IRA promotes domestic sourcing (Mulligan, 2022). For instance, through the policy, clean energy tax credits are increased if the quantity of certain materials such as steel is used in wind projects and meets the domestic theme magnitude.

If Biden's administration establishes clean energy projects in communities that have in the previous periods depend on the extraction, processing, and transport of natural gas, coal, or oil, clean energy tax credits are projected to increase by 10%. This will create jobs, empower generations, and lead to the overall development of the nation. The climate policies, along with the health care provisions of the IRA are designed to save Americans money. IRA includes rebates and tax credits for individuals who buy energy-efficient electric appliances (Littlefield, 2022). The improvements are likely to cut the cost of utility bills. For low-income earners, IRA will cut rebates on appliances that cut down energy bills. Moderate-income households will qualify for a fifty percent rebate on the cost of electric appliances and electronic cars.

***Conclusion***

The Inflation Reduction Act provides corporate tax schemes that impact mid to large-sized entities. The program allows funding for internal revenue service enforcement, healthcare provisions, and energy and climate change provisions through tax rebates and credits. However, the act might not increase taxes on ordinary Americans, but it will end up taxing people in a roundabout manner because entities normally pass taxes along to consumers and workers. Organizations that get hit by the corporate minimum tax will most probably pay lower wages to their workers. In this regard, their stock is likely to go down, which will again affect the many millions of retirement accounts. IRA's approximations for spending and revenue cover a wide timeframe (10 years). With time, states will be compelled to reconsider their tax rebate schemes for electric appliances and other energy-efficient materials.

References

Levitt, L. (2022, August). The Inflation Reduction Act is a foot in the door for containing health care costs. In *JAMA Health Forum* (Vol. 3, No. 8, pp. e223575-e223575). American Medical Association.

Littlefield, A. (2022). Carbon capture utilization and storage in the new Inflation Reduction Act. *Payne Institute Commentary Series: Commentary*.

Mulligan, C. B. (2022). The Negative Economic Effects of the Inflation Reduction Act of 2022.

Niazi, S. K. (2022). The Inflation Reduction Act: A boon for the generic and biosimilar industry. *Journal of Clinical Pharmacy and Therapeutics*.