



Inflation Reduction Act

April 28, 2023
Fairfield, Iowa



2022 Inflation Reduction Act

- The Inflation Reduction Act was signed into law on August 16, 2022.
- This marked a transformational moment for the Internal Revenue Service – and an opportunity for the future of tax administration.
- As part of the Inflation Reduction Act, the IRS will receive nearly \$80 billion of funding to meaningfully improve taxpayer service and technology, increase staff, and ensure that all taxpayers are paying their fair share.
- The act also includes a wide range of tax law changes that we will have to implement.





Tax Provisions

The Inflation Reduction Act includes 38 key tax provisions, including clean energy tax credits.

Tax Credits for Homeowners

- Nonbusiness Energy Property Credit: 2022, becomes Energy Efficient Home Improvement Credit: extended through 2032.
 - Expired 2021, revived by IRA for 2022, includes 2022 expenditures
- Residential Energy Efficient Property Credit: 2022, becomes Residential Clean Energy Credit: extended through 2034.

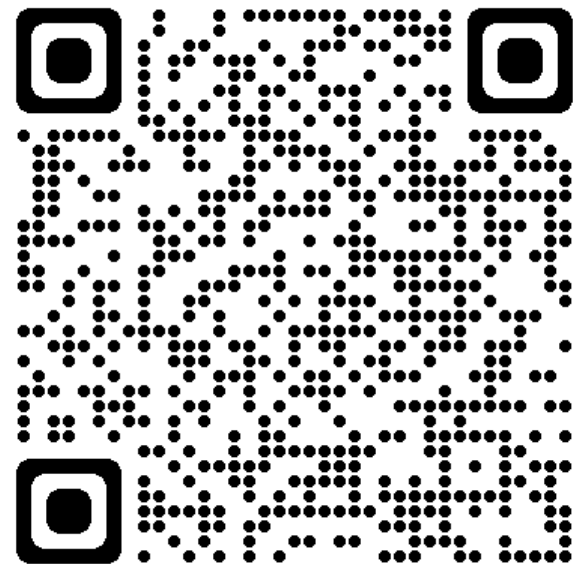
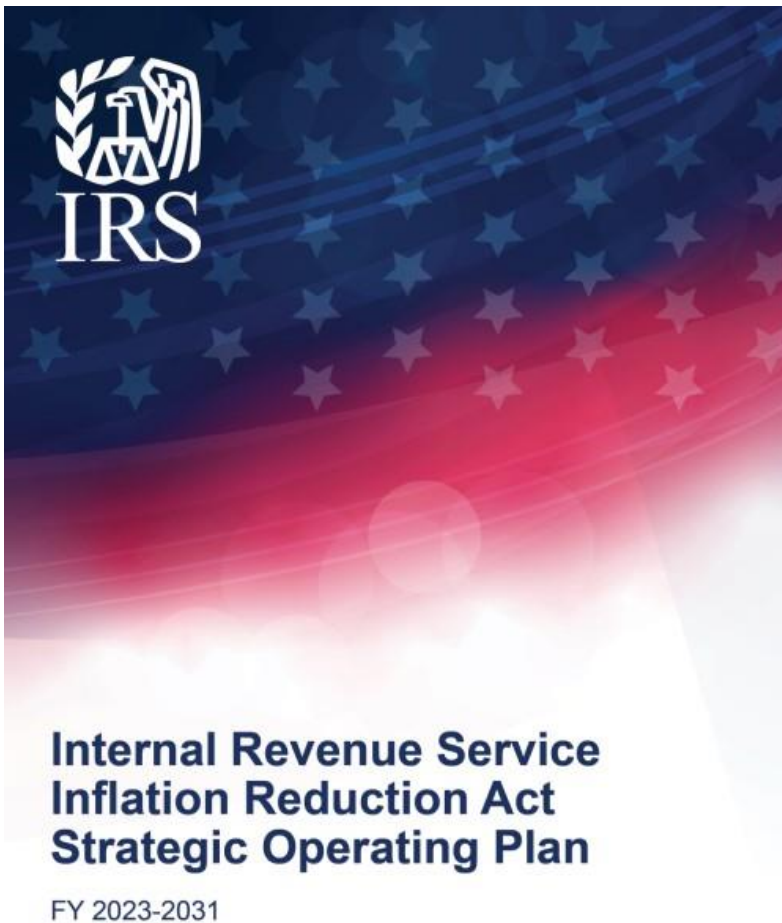
Tax Credits for Car Buyers

- Plug-In Electric Drive Vehicle Credit (through 8/16/22) becomes Clean Vehicle Credit, extended through 2032.
- Prior Owned Clean Vehicle Credit, new for 2023 (to 2032).
- Commercial Clean Vehicle Credit, new for 2023 (to 2032).
 - Includes businesses and tax-exempt entities





IRS Inflation Reduction Act Strategic Operating Plan





Compliance / Service Transformation

- ❑ **Compliance Transformation**: \$45.6 billion for tax enforcement activities such as hiring more enforcement agents, providing legal support, and investing in “investigative technology.”

- ❑ **Service Transformation**: \$3.2 billion for taxpayer services such as filing and account services, prefilling assistance, and education.





Human Capital Transformation

- Human Capital Transformation (Workforce Building):**

- Human Capital Transformation (Employee Retention):**





Information Technology Modernization

- \$4.8 billion for Business Systems Modernization**
- These additional funds can be invested in customer service technology, such as automated callback systems for phone lines, but not used to operate legacy systems.**
- The additional funding will enable the IRS to tackle the transformation of core tax systems and address some major pain points for taxpayers, businesses, tax professionals and others.**





C&L Stakeholder Liaison

Thank you!

