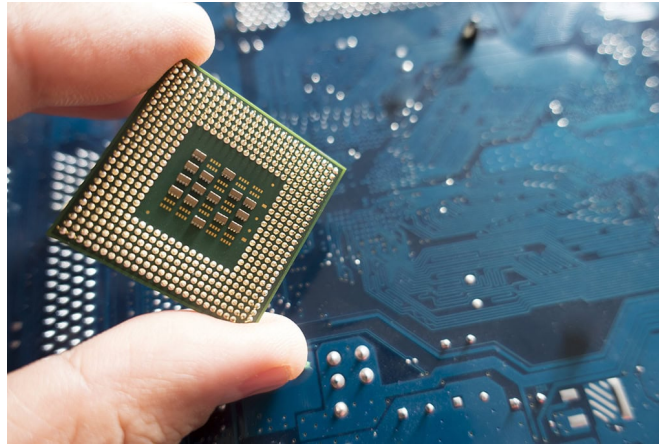


INCENTIVIZING MANUFACTURING: CHIPS AND SCIENCE ACT, INFLATION REDUCTION ACT



Before going into their August recess, both Houses passed the [CHIPS and Science Act of 2022](#), which The President is expected to sign shortly. The Senate also announced the [Inflation Reduction Act of 2022](#) as a budget reconciliation bill. It has not passed either chamber but, as a reconciliation bill, it must do so before September 30 to qualify. Qualifying lets the bill pass the Senate with a mere 51 vote majority. We have summarized the tax-related highlights for each.

CHIPS & Science Act of 2022

Creating Helpful Incentive to Produce Semiconductors (CHIPS) includes subsidies, grants and loans to semiconductor manufacturers of around \$52 billion. It also includes a new 25% investment tax credit for the chip manufacturers. Besides the semiconductor provisions, there are additional provisions funding NASA's space program, science education, science research and development, and \$20 million to protect Supreme Court Justices.

Inflation Reduction Act of 2022

Although it is only in the early drafting stages, there are several tax-related provisions included within. The bill provides \$80 billion in additional IRS funding, with over half earmarked for additional enforcement. It also reinstates a Corporate AMT (Alternative Minimum Tax) of 15%. The tax will only apply to corporations with over \$1 billion in profits.

This Act expands and extends various environmental tax credits. The most noteworthy is a credit for both new and used electric vehicles. Individuals will also benefit from extended and increased non-business energy property credits.

Prescription drug reform, Affordable Care Act extension and closing the carried interest loophole round out the other items in the bill. The carried interest provision in the bill is a major money raiser targeting the venture capital industry.

[BMF Advisors](#) are closely monitoring developments and will keep you informed on updates that impact you or your business.