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The Return of the Corporate Minimum Tax

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Abstract

This paper compares the tax provisions of the newly enacted Corporate Minimum Tax under the Inflation Reduction Act to its similar counterpart, the Corporate Alternative Minimum Tax, which existed prior to the enactment of the United States 2017 Tax Act (Tax Cuts And Jobs Act of 2017). The paper will explore in detail the intricacies and complexities of the prior Corporate Alternative Minimum Tax and the new Corporate Minimum Tax. The paper will make assessment of how potent (or not so potent) the new Corporate Minimum Tax is as compared to the prior Corporate Alternative Minimum Tax in terms of the reach and adverse impact of these two tax provisions. Moreover, the article will briefly explore how the newly enacted Corporate Minimum Tax finally became the enacted corporate tax provision in light of the enormous ambitious plans for corporate tax reform in the year of 2022 (and 2021) that did not come to fruition.

Keywords: Alternative Minimum Tax; Corporate Minimum Tax; Tax Cuts And Job Act of 2017; Inflation Reduction Act

INTRODUCTION

The computation of tax liability is often a very complex and intriguing dilemma. This is even more so for the taxation of business entities, especially corporations. There are many nuances, special provisions and unique circumstances that tax laws draw upon that makes the application of tax laws that come out of this process extremely challenging even for the most seasoned tax professional. The complexity of tax computation for corporations were often made even more challenging with a second parallel tax system known as the Alternative Minimum Tax. The Alternative Minimum Tax was initially introduced in 1969 (Tax Reform Act of 1969) in response to outrage by the general public as to how little or no taxes some wealthy individuals and corporations were paying. Many wealthy individuals and corporations were paying very low or no tax due to many special provisions and the like that the federal tax laws permitted. As such, this parallel system required a second computation of taxes eliminating many of the special provisions to ensure that everyone (or nearly everyone) – individuals and corporations, paid at least a minimum tax.

The Alternative Minimum Tax proved to be a significant thorn in the side of corporations, especially large corporations, since its inception in 1969. However, at the stroke of a pen by the president of the United States on December 22, 2017, the Tax Cuts And Jobs Act (TCJA) became law (effective January 1, 2018) that made sweeping changes to the federal tax laws with special emphasis in the area of taxation of corporations. One of the most sweeping changes made by the Tax Cuts And Jobs Act of 2017 was the elimination of the Alternative Minimum Tax for corporations. As unprecedented and unpredicted as it was, this elimination of the Corporate Alternative Minimum Tax drastically changed the landscape for federal taxation of corporations.

Many cheered the dramatic changes of the federal tax laws introduced by the enactment of the Tax Cuts And Jobs Act of 2017 believing that those sweeping changes were much needed and long overdue. However, others lamented the significant reduction of federal taxation of corporations and vowed to someday reverse some of those changes. In 2022 (and 2021), considerable efforts were made to fulfill those vows which finally resulted in the enactment of the new Corporate Minimum Tax provision that was included in the Inflation Reduction Act which was signed into law (and effective) on August 16, 2022.

This paper explores in detail the intricacies and complexities of the prior Corporate Alternative Minimum Tax and the new Corporate Minimum Tax. The paper will make assessment of how potent (or not so potent) the new Corporate Minimum Tax is as compared to the Corporate Alternative Minimum Tax in terms of the reach and adverse impact of these two tax provisions. Moreover, the article will briefly explore how the newly enacted Corporate Minimum Tax finally became the enacted corporate tax provision in light of the enormous ambitious plans for corporate tax reform in the year of 2022 (and 2021) that did not come to fruition.

THE CORPORATE ALTERNATIVE MINIMUM TAX (PRE TCJA OF 2017)

Prior to its elimination in the Tax Cuts And Jobs Acts of 2017, the Alternative Minimum Tax was a significant tax menace to corporations for many years. After computing the regular tax liability, corporations had to engage in a second tax computation (the Alternative Minimum Tax (Form 4626)) to determine if additional corporate income taxes were due to the Federal Government. As such, the Alternative Minimum Tax generally applied if it exceeded the Regular Tax Liability previously computed by the corporation. Below is the Alternative Tax Formula that applied to corporations prior to January 1, 2018 with some related comments to briefly describe how the Alternative Minimum Tax functioned.

ALTERNATIVE MINIMUM TAX (AMT)

(REPEALED BEGINNING JANUARY 1, 2018)
AMT FORMULA FOR CORPORATIONS
REGULAR TAXABLE INCOME BEFORE NOL DEDUCTIONS
PLUS/MINUS: AMT ADJUSTMENTS (EXCEPT ACE ADJUSTMENT)
PLUS: TAX PREFERENCES
EQUALS: AMTI BEFORE AMT NOL DEDUCTION AND ACE ADJUSTMENT
PLUS/MINUS: ACE ADJUSTMENT
EQUALS: AMTI BEFORE AMT NOL DEDUCTION
MINUS: AMT NOL DEDUCTION (LIMITED TO 90%)
EQUALS: ALTERNATIVE MINIMUM TAXABLE INCOME (AMTI)
MINUS: EXEMPTION
EQUALS: ALTERNATIVE MINIMUM TAX BASE
TIMES: 20% RATE
EQUALS: AMT BEFORE AMT FOREIGN TAX CREDIT
MINUS: AMT FOREIGN TAX CREDIT (POSSIBLY LIMITED TO 90%)
EQUALS: TENTATIVE MINIMUM TAX
MINUS: REGULAR TAX LIABILITY BEFORE CREDITS MINUS REGULAR FOREIGN TAX CREDIT
EQUALS: ALTERNATIVE MINIMUM TAX (AMT)

(FORM 4626)

The objective of the Alternative Minimum Tax was to ensure that all corporations paid a minimum amount of Income taxes.

Small Corporations (i.e. Corporations averaging Gross Receipts of $7,500,000 for the last three (3) years (or the last two (2) years for the third year of existence of a corporation) (or $5,000,000 if the corporation had only one (1) prior year of existence (i.e. The corporation had Gross Receipts of $5,000,000 or less its first year – therefore for the second year of existence the corporation was exempt))) were exempt from the Alternative Minimum Tax. (These provisions for Small Corporations applied beginning January 1, 1998).

All corporations were exempt from the Alternative Minimum Tax in its first year of existence regardless of its level of income. Once a corporation lost its Small Corporation status, the corporation was subject to the Alternative Minimum Tax for that tax year and future tax years.

(The numbers shown below refer to the line numbers of the Alternative Minimum Tax Formula shown above).

STARTING POINT – REGULAR TAXABLE INCOME

The starting point in computing the Alternative Minimum Tax was the Regular Taxable Income of the corporation. Thus, the corporation had to compute its Regular Taxable Income and Regular Tax Liability before computing the components of the parallel Alternative Minimum Tax. As such, the Alternative Minimum Tax System was a comparison of the Tax Liability computed the regular way and this alternative way.

LINE 2 - AMT ADJUSTMENTS (**PLUS OR MINUS/(POSITIVE OR NEGATIVE)**)

Certain Adjustments were made to the Regular Taxable Income to change the Regular Taxable Income to the Alternative Minimum Taxable Income and eventually compute the Alternative Minimum Tax. Adjustments made to the Regular Taxable Income could be positive or negative. The most common adjustment pertained to differences in depreciation allowed for Regular Tax purposes and Alternative Minimum Tax purposes. Generally depreciable property placed in service after December 31, 1986 were allowed to be depreciated over shorter useful lives and/or faster depreciation methods as opposed to depreciation allowed for Alternative Minimum Tax purposes. As such, when Regular Tax depreciation on certain assets exceeded the Alternative Minimum Tax for those assets (typically in the earlier life of the assets), a positive adjustment for the difference was made. Since these differences were simply timing differences, when Regular Tax depreciation on certain assets was less than the Alternative Minimum Tax for those assets (typically in the later life of the assets), a negative adjustment for the difference was made. Over the useful life of the depreciable assets, the total depreciation was the same under both systems.

Adjustments for depreciation applied almost exclusively to personalty property as the depreciation methods, conventions and useful lives for real estate were made the same for both systems beginning January 1, 1998.

LINE 3 - TAX PREFERENCES (**PLUS (POSITIVE) ONLY**)

Similar to Adjustments, Tax Preferences were made to the Regular Taxable Income in the process of changing the Regular Taxable Income to the Alternative Minimum Taxable Income and eventually compute the Alternative Minimum Tax. However, Tax Preferences were positive only (and no Tax Preferences were allowed when differences became negative as described above for Depreciation in Line 2 for AMT Adjustments).

Tax Preferences were permitted for depreciable property placed in service before January 1, 1987. Other most common items that caused Tax Preferences included Percentage Depletion in excess of the Adjusted Basis of property, Amortization of Certified Pollution control Facilities, Tax-Exempt Interest On State and Local Bonds not used for essential government function and Excess Intangible Drilling Costs.

Line 4 in the formula is a sub-total of the previous lines in the formula.

LINE 5 - ACE ADJUSTMENT

Adjusted Current Earnings (ACE) was a special computation made and was compared to the Unadjusted Alternative Minimum Taxable Income (Line 4 in formula). If ACE was **more than** Line 4 of the formula (Unadjusted AMTI), 75% of the excess was added on Line 5. If ACE was **less than** Line 4 of the formula (Unadjusted AMTI), 75% of the excess was subtracted on Line 5 (but only to the extent of net prior years positive adjustments on Line 5 of the formula with unused negative amounts lost forever).

Line 6 in the formula is a sub-total of the previous lines in the formula.

LINE 7 - NOL DEDUCTION

An additional Negative Adjustment for Net Operating Losses (NOL) was allowed on Line 7 of the formula but limited to 90% of Line 6 of the formula.

Line 8 in the formula is a sub-total of the previous lines in the formula.

LINE 9 - EXEMPTION

A very modest Exemption was allowed to reduce the Alternative Minimum Taxable Income (AMTI) shown on Line 8 of the formula. The Exemption was only $40,000 and was reduced by 25% of the amount in which the AMTI shown on Line 8 of the formula exceeded $150,000.

To illustrate the phase-out of the Exemption, assume that a corporation had Alternative Minimum Taxable Income (Line 8 in the formula) of $200,000. The $40,000 Exemption would be phased-out as follows:

	$200,000	LINE 8 (AMTI)
-	150,000	(THRESHOLD AMOUNT)
=	$ 50,000	EXCESS AMOUNT
X	25%	PHASE-OUT PERCENT
=	$ 12,500	PHASED-OUT AMOUNT

Thus, the allowed Exemption would have been $27,500 ($40,000 - $12,500 (Phased-Out Amount)).

Utilizing the computation illustration shown above, the $40,000 Exemption was completely phased-out when the Alternative Minimum Taxable Income (Line 8 in the formula) equals or exceeds $310,000.

Since Small Corporations were no longer subject to the Alternative Minimum Tax, the Exemption was essentially eliminated as the vast majority of corporations had an Alternative Minimum Taxable Income (Line 8 in the formula) of more than $310,000.

Line 10 in the formula is a sub-total of the previous lines in the formula.

LINE 11 - AMT RATE

The Alternative Minimum Tax rate for corporations had always been a flat 20% for all corporations.

Line 12 in the formula is a sub-total of the previous lines in the formula.

LINE 13 - AMT FOREIGN TAX CREDIT

Foreign Tax Credits were used to reduce the Alternative Minimum Tax.

(The Investment Tax Credit carryovers and General Business Credit carryovers were once allowed to reduce the Alternative Minimum Tax Credit (limited to 25% of the Alternative Minimum Tax Liability (Line 12 in the formula)) but no longer allowed before the Alternative Minimum Tax Credit was repealed in its entirety).

LINE 14 - **TENTATIVE** MINIMUM TAX

The Alternative Minimum Tax applied **only** if the Tentative Minimum Tax (Line 14 in the formula) exceeded the Regular Tax Liability (Line 15 in the formula (generally computed on the Regular Taxable Income shown on Line 1 of the formula)).

If the Tentative Minimum Tax (Line 14 in the formula) exceeded the Regular Tax Liability (Line 15 in the formula) the Alternative Minimum Tax (Line 16 in the formula) applied and was in **addition to** the Regular Tax Liability (Line 15 of the formula).

If the Tentative Minimum Tax (Line 14 in the formula) did not exceed the Regular Tax Liability (Line 15 in the formula) the Alternative Minimum Tax (Line 16 in the formula) did not apply to the corporation for that tax year.

MINIMUM TAX CREDIT

The Alternative Minimum Tax (Line 16 in the formula) paid in a prior tax year (or tax years) could have been carried **forward** (not carried back) indefinitely to offset against future **Regular Tax Liability** (Line 15 in the formula) when the future Regular Tax Liability (Line 15 in the formula) exceeded the Tentative Minimum Tax (Line 14 in the formula). (This excess could not offset against the future Tentative Minimum Tax (Line 14 in the formula).

To illustrate the application of the Alternative Minimum Tax and the Minimum Tax Credit, assume the following for a corporation:

	2015	2016
LINE 14	$20,000	$25,000
LINE 15	18,000	26,000
LINE 16	$ 2,000	$ -0-

In this illustration, the Alternative Minimum Tax applied to this corporation for the year of 2015 since the Tentative Minimum Tax (LINE 14) exceeded the Regular Tax Liability (LINE 15 (Generally the tax on the Regular Taxable Income on Line 1 in the formula)).

Thus, the corporation must pay the additional Tax (LINE 16 – The Alternative Minimum Tax) of $2,000 (in addition to the $18,000 Regular Tax Liability (already computed on the Regular Taxable Income on Line 1 in the formula) shown on LINE 15) for a total tax of $20,000.

The Alternative Minimum Tax did not apply to this corporation for the year of 2016 since the Tentative Minimum Tax (LINE 14) did not exceed the Regular Tax Liability (LINE 15) (The Regular Tax Liability (already computed on the Regular Taxable Income on Line 1 in the formula) shown on LINE 15).

Thus, this corporation need not have paid any additional tax (i.e. LINE 16 – The Alternative Minimum Tax (which is $-0-)).

In addition, for the year of 2016, since this corporation had paid the Alternative Minimum Tax in a prior year(s) (in this case for the year of 2015), the Regular Tax Liability (LINE 15) for the year of 2016 of $26,000 could be reduced (to the extent of the net Alternative Minimum Tax paid in prior tax year**s**) to the $25,000 Tentative Minimum Tax (LINE 14). This was known as the "***MINIMUM TAX CREDIT***". The corporation could do this only if it had paid the Alternative Minimum tax in prior tax year(s) and had not used up the carry forward (no carry back) of paid Alternative Minimum Tax. Moreover, since only $1,000 of the $2,000 Alternative Minimum Tax (LINE 16) paid for the year of 2015 is being used for the year of 2016 (to reduce the $26,000 Regular Tax Liability (LINE 15) to the $25,000 Tentative Minimum Tax (LINE 14), the corporation has a $1,000 carry forward of the remainder of the Alternative Minimum Tax (Line 16) paid for the year of 2015 to the year of 2017 and beyond until used up when the Regular Tax Liability (LINE 15 exceeded the Tentative Minimum Tax (LINE 14) like is the case for the year of 2016.

To further illustrate the application of the Minimum Tax Credit, assume for this corporation that the Tentative Minimum Tax (LINE 14) was $23,000 for the year of 2016 (instead of $25,000). Now the corporation may reduce the Regular Tax Liability (LINE 15) of $26,000 down to only $24,000 since there is only a $2,000 Alternative Minimum Tax (LINE 16) carry forward from the year of 2015. (And, thus, there is no carry forward of the

Alternative Minimum Tax (LINE 16) to the year of 2017 and beyond since the $2,000 Alternative Minimum Tax (LINE 15) paid for the year of 2015 has been fully used up to offset future Regular Tax Liability (LINE 15) in the year(s) after 2015).

(Although the prior Alternative Minimum Tax was repealed effective January 1, 2018, certain carry forwards that applied to the prior Alternative Minimum Tax were still allowed to be used beyond January 1, 2018 for a certain time period thereafter).

ESTIMATED TAX PAYMENTS

Corporations were required to make Estimated Tax Payments for the Alternative Minimum Tax just as for the Regular Income Tax.

This discussion and brief illustrations show the enormous presence and effect of the Alternative Minimum Tax on corporations prior to its repeal in the Tax Cuts And Jobs Act of 2017. The repeal of the Alternative Minimum Tax along with other provisions of the Tax Cuts And Jobs Act of 2017 (mostly the reduction of the highest corporation tax rate from 35% to a flat tax rate of 21% for all corporations) was considerable tax relief for corporations.

THE NEW CORPORATE MINIMUM TAX (INFLATION REDUCTION)

The new Corporate Minimum Tax was included in the recently enacted Inflation Reduction Act as a provision to pay for a portion of the costs of the required investments (climate control initiatives) to implement the provisions of the Inflation Reduction Act. The Inflation Reduction Act projects the cost of various climate control initiatives to be $737 billion. The Corporate Minimum Tax is projected to cover $222 billion of the total costs of the required climate control investments of the Inflation Reduction Act.

The new Corporate Minimum Tax in many ways was designed or intended to reverse the repeal of the prior Alternative Minimum Tax by the Tax Cuts And Jobs Act of 2017. As the specific provisions of the new Corporate Minimum Tax is described herein, a determination can be made as to how well this design or intention has been achieved.

The Corporate Minimum Tax (Alternative Minimum Tax) provision requires for the imposing of a 15% corporate minimum tax rate for corporations with more than $1 billion of annual Financial Statements Income (not Taxable Income). To emphasize this provision, the $1 billion figure applies to Income (Net Income) and not Gross Receipts. As such, corporations with more than $1 billion of Gross Receipts but $1 billion or less in Net Income are not subject to the new Corporate Minimum Tax. As such, a very small number of corporations may be subject to the new Corporate Minimum Tax. (The Joint Committee on Taxation estimates that about only 150 taxpayers (corporations) would be subject to the Corporate Minimum Tax annually).

The 15% new Corporate Minimum Tax (Alternative Minimum Tax) applies if it exceeds the Regular Tax (including the Base Erosion Tax and Anti-Abuse Tax (BEAT) (introduced in the Tax Cuts And Jobs Act of 2017)). As stated above, the new tax is based on the corporation's average annually adjusted Financial Statement Income prepared in accordance with Generally Accepted Accounting Principles (GAAP). Thus, this is the starting point in computing this tax and not Taxable Income as was done in the prior Alternative Minimum Tax laws. The tax applies to corporations which has the required average annual adjusted Financial Statement Income for one or more earlier tax years (usually for a three (3) tax year period) that ends after December 31, 2021. Thus, the tax year of 2024 (for a calendar year corporation) is most likely the first year that this new minimum tax will be imposed. The average annual adjusted Financial Statement income is met for the three (3) tax year period (without considering any loss carryovers) ending with the tax year that exceeds $1 billion. Special provisions apply for corporations that are in existence for less than three (3) years and corporations with short tax years. In addition, special rules also apply to corporations that are members of a foreign parented multinational group.

The $1 billion Income requirement includes the income of all corporations in a controlled corporation (group) and including the income from all partnerships in which the corporation owns an interest.

In addition to the new 15% Corporate Minimum Tax, the Inflation Reduction Act also includes a 1% Excise Tax on Stock Buybacks (projected to raise $74 billion towards the required climate control investments). This provision will impact corporate Stock Redemption transactions and the like (including stock acquired by a corporations' affiliate from another person) which corporations often use as tools to increase the price (market value) of its stock and avoid dividend income to the shareholders. The 1% Excise Tax is imposed on the issuing corporation on the fair market value of stock repurchased by a publicly traded U.S. corporation during the taxable year. The fair market value of the repurchased stock is reduced by the fair market value of any stock issued by the corporation during the taxable year. The 1% Excise Tax generally does not apply to total repurchased stock of $1 million or less for the taxable year, stock transactions involving tax-free corporate reorganizations (Section 368 of the Internal Revenue Code), repurchases of stock that are treated as dividends for tax purposes and repurchases of stocks that are contributed to employer-sponsored retirement plans, employee stock ownerships plans or similar plans. (The 1% Excise Tax also generally does not apply to repurchases by Regulated Investment Companies (RICs), Real Estate Investment Trusts (REITs) and certain repurchases by a securities dealer in the ordinary course of business). And as expected, the Inflation Reduction Act also includes a plethora of energy efficient provisions such as providing incentives (in the form of tax credits) and encouragement for consumers to invest in electric vehicles, home energy efficiency devices and the like.

COMPARISON OF PRE TCJA OF 2017 CORPORATE ALTERNATIVE MINIMUM TAX AND THE NEW CORPORATE MINIMUM TAX (INFLATION REDUCTION ACT)

At the onset, one must recognize that the Tax Cuts And Jobs Act of 2017 was purely tax legislation aimed to provide relief from federal taxation whereas the Inflation Reduction Act was climate control legislation that included tax provisions. As such, one act was aimed at pure tax policies whereas the other act simply reaches out for tax provisions to partially fund unrelated tax measures.

It should also be pointed out that the new Corporate Minimum Tax carries a tax rate of 15% as compared to 20% for the prior Alternative Minimum Tax (although the prior Alternative Minimum Tax was compared to corporate tax rates as high as 35% as compared to 21% at the present).

In addition, the scope of the new Corporate Minimum Tax is very narrow as compared to the prior Alternative Minimum Tax. As pointed out earlier in this article, the Joint Committee On Taxation projects that only 150 taxpayers (corporations) annually will be subject to the new Corporate Minimum Tax. The prior Alternative Minimum Tax produced numerous AMT tax returns over the years: Year 1998 – 18,352 AMT Returns ($3,300,000,000 Revenues/Tax Liabilities); Year 2003 – 9,564 AMT Returns ($2,298,776,000 Revenues/Tax Liabilities); Year 2013 – 10,222 AMT Returns ($4,197,924,000 Revenues/Tax Liabilities). As can be seen, only a small fraction of corporations is expected to be impacted by the new Corporate Minimum Tax as compared to the prior Alternative Minimum Tax.

In addition, the prior Alternative Minimum Tax not only produced considerable additional federal tax revenues (tax liabilities) as illustrated immediately above, but it had another substantial impact on corporations. The prior Alternative Minimum Tax rules prevented many corporations from utilizing most of the many business tax credits that were usually available to reduce corporations' tax liabilities such as the Research And Experimentation Credit, the Work Opportunity Credit and the Welfare-To-Work Credit just to name a few. The lost of these many valuable tax credits made them unavailable to offset or reduce the Alternative Minimum Tax or reduce the Regular Tax Liability below the Tentative Minimum Tax Liability of the Alternative Minimum Tax. As such, the prior Alternative Minimum Tax had substantial adverse income tax impact for numerous corporations in ways beyond simply paying the higher Alternative Minimum Tax.

ORIGINAL AMBITIONS OF CORPORATE TAX CHANGES FOR 2022

When the United States Congress began to debate investment legislation that was to include tax provisions to partially fund such investments, the tax ambitions were quite high and considerable. Some of the early tax proposals were to raise the highest individual tax rate and the highest capital gain tax rate to 39.6.%. These were aimed toward the highest individual income earners. In addition, strong consideration was given to immediate tax of the appreciation in the value of assets that are transferred by death or gift. Under current tax laws (which has been the case for numerous years), the fair market value of the transfer of property by death becomes the basis of the estate of the deceased taxpayer or their heirs. Thus, no taxation occurs on the appreciation of the value of the property while owned by the deceased taxpayer. This would have been a major departure from long-standing tax policy. Moreover, the basis in property of a gift (for the most part with some minor variations) carries over from the donor to the donee. No tax consequences (gain or loss) are recognized by either party until the donee disposes of the gifted property in a subsequent taxable event. This proposal would have caused an immediate recognition of income/gain (or loss) to the donor at the time of the gift.

Other areas of tax changes that were considered involved increasing taxation for retirement benefits and reducing the Exemption Equivalent in the areas of Estate And Gift Taxation and increasing the Transfer Tax rates on Federal Estate Taxes and Federal Gift Tax Taxes.

Finally raising the corporate tax rate above the present 21% flat corporate tax rate was also discussed.

As discussed above, none of these provisions made it to the Inflation Reduction Act. In fact many of the proposed tax changes led to significant stalls and divisions in the debate of the investment goals and related legislation. With the United States Congress and specifically the United States Senate being presently so divided, there was not much room for these varied and far reaching proposals to gain the necessary traction and support to become law.

In the final analysis, the tax provisions that are included in the Inflation Reduction Act falls far short of what some had hoped.

CONCLUSION

This article compares the potency of the prior Alternative Minimum Tax that was repealed effective January 1, 2018 to the newly enacted 15% Corporate Minimum Tax that was enacted as part of the Inflation Reduction Act on August 16, 2022. As this article demonstrates, the potency of the 15% Corporate Minimum Tax is a very limited measure in imposing additional federal income taxes on corporations as compared to the prior Alternative Minimum Tax. Even with the additional 1% Excise Tax that is imposed on corporation under the Inflation Reduction Act, the tax provisions imposed on corporations under this act are very minimal.

The complexity of the prior Alternative Minimum Tax far outweighs the complexity of the 15% Corporate Minimum Tax. Moreover, the prior Alternative Minimum Tax generally impacted anywhere from 9,000 to 18,000 (or more) corporations per year. However, the Joint Committee on Taxation estimates that about only 150 taxpayers (corporations) would be subject to the 15% Corporate Minimum Tax annually. Such a small number of taxpayers (corporations) will create a great challenge to raise meaningful federal revenues in the form of tax liabilities to partially fund the investments to be made in the Inflation Reduction Act.

Corporations may have breathed a big sigh of relief in comparing the many ambitious tax provisions that were considered by the United States Congress since 2021 and to see how minimal the final results are in terms of additional corporation taxation. Time will tell as to whether the prior corporate Alternative Minimum Tax will return in any reasonable or significant form.

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