


Congress of the United States
JOINT COMMITTEE ON TAXATION
Washington, DC 20515-6453

July 28, 2022

MEMORANDUM

TO: [REDACTED]

FROM: Thomas A. Barthold 

SUBJECT: Proposed Book Minimum Tax Analysis by Industry

This memorandum provides information on how the burden of the corporate minimum financial statement income tax as contained in section 10101 of H.R. 5376, the “Inflation Protection Act of 2022,” would fall across different industrial sectors.

Business income tax returns ask taxpayers to report the industry in which they are primarily engaged, identifying the industry by the code numbers established under the North American Industrial Classification System (“NAICS code”). This is self-reported and the Internal Revenue Service does not verify the accuracy of the classification stated by the taxpayer. The NAICS code system allows data to be aggregated at different levels of general categorization. Two-digit codes are the broadest categorization. For example, NAICS code 31 encompasses all manufacturing. As we project that only approximately 150 taxpayers annually will be subject to the proposed book minimum tax, in the accompanying table we generally report results by two-digit reporting to protect the privacy of the tax return data on which we base our analysis.

We estimate the corporate minimum financial statement income tax as contained in the “Inflation Protection Act of 2022” would have the following effect on Federal fiscal year budget receipts:

Fiscal Years
[Billions of Dollars]

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2022-31</u>
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NOTE: Details do not add to total due to rounding.

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The following table shows the estimate of the share distribution of additional tax under the corporate minimum financial statement income tax imposed by the “Inflation Protection Act of 2022.” Specifically, the table shows the percentage share of the additional tax by NAICS code during the 2022-2031 Federal fiscal year budget period.

**Percentage Share of Minimum Tax on Adjusted Financial Statement Income
By Industrial NAICS Code**

2-Digit or 3-Digit NAICS Sector	Share of Additional Tax
31 All Manufacturing	49.7%
325 Chemical Manufacturing	16.1%
336 Transportation Equipment Manufacturing	6.9%
All Other Manufacturing	26.7%
42 Wholesale Trade	9.3%
44 Retail Trade	4.9%
51 Information	11.5%
55 Management of Companies (Holding Companies)	11.2%
All Other Industries	13.4%
Total	100.0%

NOTES: Details may not add to total due to rounding. Industries with fewer than 10 observations are included in the “All Other Industries” category.