

# Commission Publishes Report on Preliminary Impact of US Inflation Reduction Act

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On 24 October 2023, the European Commission communicated a [report](#) that - among other things – covers the first results materializing from the US Inflation Reduction Act (IRA). As a reminder, The IRA is a set of measures which represents the US' largest effort to address climate change mostly through tax subsidies (for prior coverage, see [ECON Committee Debates European Union's Reaction to US Inflation Reduction Act \(19 July 2023\)](#)).

While the report focuses on the IRA's impact on EU investment (as well as on the measures taken by the European Union to stimulate investment into clean technology), it also makes references to tax-relevant matters. Specifically, the report:

- observes that, as part of the "Fit for 55", the European Union has set a series of objectives to make its economy more circular (see [European Commission Welcomes Completion of 'Fit for 55' Legislation Package \(12 October 2023\)](#));
- recalls that the EU Taxonomy and State aid policy are tools that can enable investing in clean technologies at private and national levels (respectively);
- stresses that the uncapped tax subsidies and the easily accessible tax credits offered through the IRA may lure companies to the United States, however preliminary and available data are so far not conclusive on this aspect; and
- recognizes the existence of various factors influencing the European Union's investment climate other than the US IRA (see [ECON Committee MEPs Adopt Resolution on Role of Tax Policy in Times of Crisis \(25 October 2023\)](#)).