

SUMMARY OF KEY SMALL BUSINESS PROVISIONS
IN THE FINAL VERSION OF THE *TAX CUTS AND JOBS ACT* (H.R. 1)

(signed by President Trump on December 22, 2017)

This is a summary of items that are subject to variation and exceptions. It is not to be relied upon as tax advice.

<u>ISSUE</u>	<u>PROVISION</u>
Individual Tax Rates	For a period of 8 years, reduces individual rates for many taxpayers and suspends many deductions. Uses the following rates: 37%, 35%, 32%, 24%, 22%, 12%, 10%, and 0%
Standard Deduction	For a period of 8 years, roughly doubled to \$12,000 individual/\$24,000 joint, indexed
Passthrough Business Taxation (sole proprietorships, S corps., partnerships)	For a period of 8 years: (a) for incomes below \$157,500 individual/\$315,000 joint, indexed, deduct 20% of business income (b) for incomes above \$157,500 individual/\$315,000 joint, indexed, deduct 20% of business income not exceeding limitation of 50% of wage income, except deduction phases out quickly above \$157,500 individual/\$315,000 joint for specified service businesses (for example, lawyers, accountants, doctors)
Alternative Minimum Tax for Individuals	For a period of 8 years, applies only above \$500,000 individual/\$1 million joint, indexed
Estate Tax Relief	For a period of 8 years, excludes roughly \$11 million individual/\$22 million joint, indexed
Corporate Taxation	For future (not set to expire), corporate tax rate reduced to 21% and corporate Alternative Minimum Tax repealed
Section 179 Expensing	For future (not set to expire), raised from \$500,000 to \$1 million per year, indexed
Individual Mandate (Obamacare)	Penalty for noncompliance repealed effective January 1, 2019
Cash Accounting	For future (not set to expire), cash method of accounting extended to many businesses that are below \$25 million in annual gross receipts on average for the past three years

NFIB's Stance

- NFIB is the country's leading small business organization, and tax reform is the number one issue for our members.
- According to our research, 5 of the top 10 concerns for small business owners relate to the federal tax code. Small business owners believe their taxes are too high, the tax code is too complicated, and the cost of compliance -- in terms of time and money -- is an unnecessary drain on their resources.

- Small businesses account for nearly half of the gross domestic product (GDP) and private sector workforce. Small businesses create two out of every three net new jobs, and therefore, the U.S. economy will not reach its full potential for growth without a robust and flourishing small business sector.
- Tax reform is vital to small business, and small business is vital to the economy.
- This law provides significant tax relief to nearly all small businesses. That's why NFIB supported the measure, and we urged every Member of Congress who cares about small business to do the same.
- The tax cuts let small business owners keep more of their money to reinvest in their businesses, create more jobs, pay higher wages, purchase more equipment and vehicles, make capital upgrades, increase inventory, and engage in the kind of commercial activity that drives the economy and creates growth.
- Tax reform is the key to growth. Small business owners have waited more than 30 years for tax reform.
- Please visit nfib.com/taxreform for more information.