



## SMALL BUSINESS DEDUCTION

### ISSUE

The Small Business Deduction (Section 199A) expires after 2025, complicating long-term planning for small business owners.

- The Small Business Deduction allows small businesses that are organized as pass-throughs to deduct up to 20 percent of their taxable income from an S-Corporation, LLC, sole proprietorship, or partnership.
- For small business owners with taxable income below \$160,700 individual/\$321,400 joint for tax year 2019, this is a straightforward deduction.
- The Joint Committee on Taxation estimates that over 95 percent of taxpayers who will claim the Small Business Deduction are below these income thresholds.
- Eligible businesses above the thresholds can still benefit from the deduction if they are employee intensive or make capital expenditures.

### SOLUTION

Permanently extend the Small Business Deduction of the *Tax Cuts and Jobs Act*.

According to a recent NFIB member ballot, 91 percent of small business owners support permanently extending the expiring provisions of the *Tax Cuts and Jobs Act*.

- Cosponsor H.R. 216, the *Main Street Tax Certainty Act* – Rep. Jason Smith (R-MO) and Rep. Henry Cuellar (D-TX)
- Cosponsor S. 1149, the *Main Street Tax Certainty Act* – Sen. Steve Daines (R-MT)

NFIB encourages Congress to provide certainty to small businesses by removing the December 31, 2025 sunset date for the Small Business Deduction of the *Tax Cuts and Jobs Act*.