

PROBLEM

Taxes are the top current economic concern for small business owners, according to NFIB Research Foundation's monthly *Small Business Economic Trends* survey.

Taxes are also a chronic long-term problem for small businesses, occupying five of the top ten problems identified in NFIB Research Foundation's quadrennial *Problems and Priorities* survey.

High federal tax rates and a complex tax code continue to smother small business growth.

NFIB's monthly *Small Business Optimism Index* rose to historic levels after the November elections based on the expectation that Congress and the Administration would reform the tax code and cut taxes on small businesses.

SOLUTION

Tax Reform Starts with Small Business

Small businesses power the American economy, creating two-thirds of the net new jobs, employing half the domestic workforce, and contributing nearly half of the nation's gross domestic product (GDP). Tax reform that starts with small business will unleash this powerful economic driver and turn optimism into growth and hiring.

NFIB TAX REFORM PRINCIPLES

- Small business must be the central focus of tax reform.
- Tax reform must ensure that no small business pays a higher rate than a large corporation. About seventy-five percent of all small employers organize as pass-through entities. Tax rate parity for pass-through businesses and corporations is essential.
- Tax reform must ensure that no small business pays a higher rate than they do currently. Graduated rates are essential.
- Tax reform must result in tax rates for small businesses that are as low as possible, ensuring small business owners can invest more in their businesses and employees.
- Tax reform must simplify the tax code and reduce compliance costs for small businesses.
- Other important tax priorities include repealing the Alternative Minimum Tax (AMT) and estate tax.

