



SMALL BUSINESS DEDUCTION

ISSUE

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

Tax relief is working for small businesses. The centerpiece of these tax changes is the Small Business Deduction.

- 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.

Small business owners are optimistic about the positive impact of the Small Business Deduction.

- Over 81 percent believe the creation of this provision is important.

SOLUTION

Cosponsor H.R. 216/S. 1149, the *Main Street Tax Certainty Act*.
Permanently extend the Small Business Deduction.

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*.

NFIB encourages Congress to provide certainty to small businesses by removing the December 31, 2025 sunset date for the Small Business Deduction.

For the latest news on tax relief, visit [NFIB.com/TaxRelief](https://www.nfib.com/TaxRelief).