



Are you eligible for the **Small Business Deduction?**

In 2017, NFIB fought for the Small Business Deduction (Section 199A) that allows small businesses organized as pass-through entities (Sole Proprietorships, S-Corporations, Partnerships, or LLCs) to deduct up to 20% of their qualified business income on IRS Form 1040, line 13.

What is a Pass-Through Business?

- Businesses organized as Sole Proprietorships, S-Corporations, Partnerships, or LLCs are pass-through entities.
- Business income earned “passes-through” to the business owners’ individual tax filings (IRS Form 1040).
- The Small Business Deduction allows pass-through business owners to claim up to a 20% deduction on their share of the business’s income [up to \$191,950 (individual) or \$383,900 (joint) for tax year 2024].
- For businesses that exceed the threshold, consult your accountant, you may still benefit.

The Small Business Deduction worked for this member, see if it works for you.

“ Tax relief allowed our business to purchase \$400,000 of new equipment, expand our staff by 20%, and diversify our business offerings... This in turn allowed us to remain in business when the economy took a hit due to COVID-19.”

- **Tim** | Holderness, NH

Pass-Through Business Data

- More than 90% of all businesses are organized as pass-through businesses, including 98.6% of nonemployers and 75.2% of small employers. Nearly 80% of NFIB members are organized as pass-through businesses. The SBA estimates:

Type of Business	Nonemployer	Small Employer
Sole Proprietorship	86.6%	12.9%
Partnership	7.4%	11.8%
S-Corporation	4.6%	50.5%
Other	1.5%	24.8%

- In NFIB’s *Small Business Problems and Priorities*, four of the top ten problems are tax-related.
- An NFIB member ballot showed 91% support permanently extending the expiring provisions, such as the Small Business Deduction, in the 2017 tax law.
- In an NFIB study, more than 81% believe the Small Business Deduction is important to their businesses.

Visit [NFIB.com/TaxRelief](https://www.nfib.com/TaxRelief) for more information.



Are you eligible for the **Small Business Deduction?**

Is your business structure organized as a Sole Proprietorship, S-Corp, Partnership, or LLC?

YES

Your business is a pass-through business. Are you aware of the 20% Small Business Deduction for taxable income up to \$191,950 (individual) or \$383,900 (joint) for tax year 2024?

YES

IRS Form 1040, line 13 is your deduction. Did you receive it?

YES

Tell Congress to support the *Main Street Tax Certainty Act* to make the Small Business Deduction permanent (expires in 2025).

Consult your accountant.

NO

Businesses structured as pass-through businesses may be eligible for the 20% Small Business Deduction on IRS Form 1040, line 13. Consult your accountant for more information.

NO

Is your business structure organized as a C-Corporation?

YES

You are not eligible for the Small Business Deduction. C-Corporations are taxed at the corporate rate.

Consult your accountant to see if you're eligible for the Small Business Deduction on IRS Form 1040, line 13.

NO

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