

# The 20% Small Business Tax Deduction and Its Big Impact on **California**



Nine out of 10 small businesses face a massive tax hike if the 20% Small Business Deduction is allowed to expire this year.

## Making the deduction permanent will benefit California:<sup>1</sup>

**\$9.78 Billion**

Increase in California's state GDP  
each year for the first 10 years

**141,000**

Jobs created in California  
each year for the first 10 years

**\$20.2 Billion**

Increase in California's state GDP  
each year after 2035

**274,000**

Jobs created in California  
each year after 2035

## And the U.S. economy:<sup>1</sup>

**\$75 Billion**

Increase in U.S. GDP  
each year for the first 10 years

**1.2 Million**

Jobs created in the U.S.  
each year for the first 10 years

**\$150 Billion**

Increase in U.S. GDP  
each year after 2035

**2.4 Million**

Jobs created in the U.S.  
each year after 2035

[SmallBusinessDeduction.com](https://SmallBusinessDeduction.com)

**LEARN MORE**

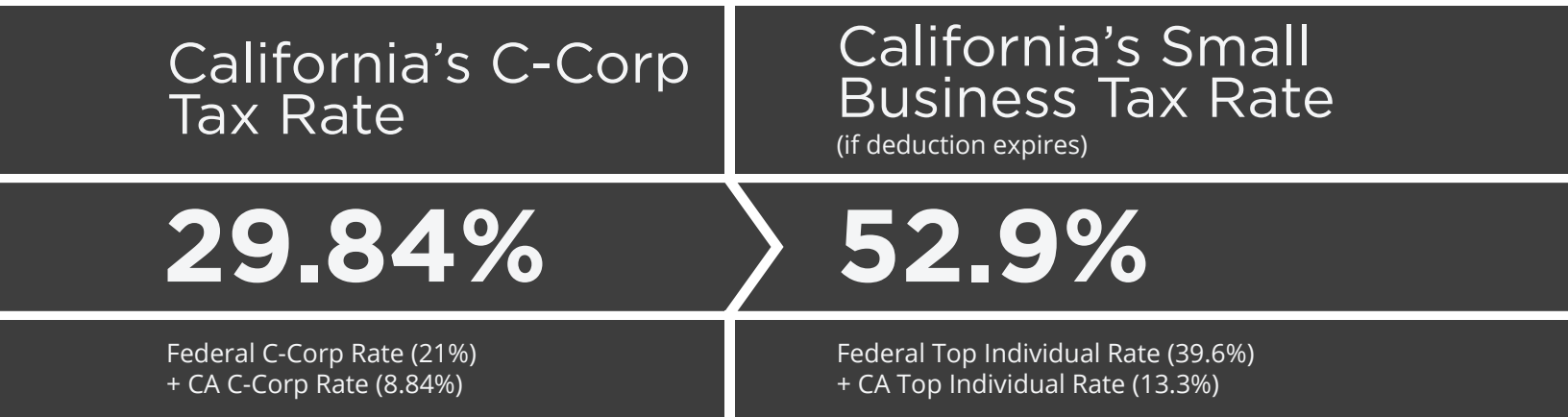


<sup>1</sup> Brandon Pizzola, EY, Macroeconomic Impacts of Permanently Extending the Section 199A Deduction on Small Businesses, September 2024, [NFIB.com/EYReport2024](https://NFIB.com/EYReport2024)

# Leveling the Playing Field with Tax Rates in California

The Small Business Tax Deduction allows small businesses to deduct up to 20% of their business income, providing relief for California's small business owners.

**Without action from Congress, this deduction expires this year while the tax deduction for larger corporations remains.**



## Small Business Economic Impact: California<sup>2</sup>

Small businesses are the foundation of California's economy, powering job creation and strengthening its communities.



<sup>2</sup> U.S. Small Business Administration Office of Advocacy, 2024 Small Business Profiles for the States, November 2024, <https://advocacy.sba.gov/2024/11/19/2024-small-business-profiles-for-the-states-territories-and-nation/>