



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, or Partnerships) 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, or Partnerships 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 \$197,300 (individual) and \$394,600 (joint) for tax year 2025].
- 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 10 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**
for more information.



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

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

YES

Your business is a pass-through business. Are you aware of the 20% Small Business Deduction for taxable income up to \$197,300 (individual) and \$394,600 (joint) for tax year 2025?

YES

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

YES

Tell Congress 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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