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SBLC Urges the Senate Small Business Committee to Promote Tax Legislation that Benefits All Small Businesses

Washington, DC – The Small Business Legislative Council (SBLC) has submitted a statement for the record in response to the U.S. Senate Small Business & Entrepreneurship Committee’s hearing on “Expanding Opportunities for Small Businesses Through the Tax Code” urging Congress to further improve the tax situation for pass through entities and avoid proposals that would cause significant harm to the small business retirement plan system. The SBLC applauds the Committee for taking the time to consider this very important issue.

Specifically, the SBLC urged that the Section 199A deduction for pass through entities be made permanent and that more businesses be permitted to take advantage of the 199A deduction. “Section 199A currently excludes a large number of pass through entities from the deduction through the concept of a Specified Service Trade or Business” wrote the SBLC. According to SBLC President, Paula Calimafde, “This exclusion adds a significant level of complexity to the tax code and forces small businesses to struggle with new and extremely complicated rules that will require professional assistance to navigate. These rules are the antithesis of tax simplification. Moreover, it is simply unjust to favor certain types of businesses over others.”

The SBLC also emphasized the importance of making the increased estate and gift tax permanent while maintaining the step-up in basis at death for the successful small businesses in this country.

The SBLC also stressed its opposition to proposals that would quickly force savings out of a plan after the owner’s death or otherwise do anything to make owners fearful of saving too much in a retirement plan. The SBLC noted that while it supports many elements of the

Retirement Enhancement and Savings Act of 2018 (S.2526) it strongly opposes this element of the bill which the SBLC believes “could provide a significant deterrent to individuals continuing to save in a small business retirement plan and result in the freezing or termination of many small business plans (by small business owners who have saved “enough” in the plan).”

The SBLC is an independent, permanent coalition of 40 national trade and professional associations whose goal is to maximize the advocacy and presence of closely-held and small businesses on Federal legislative and regulatory policy issues, and to disseminate information on the impact of public policy on small businesses.

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