



S Corporation Association Update July 17, 2018

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1. S-Corp in the News – Aggregation Letter

Politico had a nice write-up on the pending 199A rules coming out of Treasury including a reference to our Parity for Main Street Employers letter on the need for aggregation or grouping rules when calculating the deduction. As Brian Faler reports:

Many businesses want to combine those entities when calculating the break, arguing that otherwise they will be excluded just because of how they happen to be organized.

"Allowing taxpayers to aggregate or 'group' legal business entities together for purposes of calculating the pass-through deduction is vital to making the deduction fair and workable," said the U.S. Chamber of Commerce, National Restaurant Association, National Grocers Association and other business groups in a March letter to David Kautter, Treasury's assistant secretary for tax policy, who is also the acting IRS commissioner.

You can read the whole letter [here](#).

2. S-Corp in the News – PMSE Comments to New York SALT Fix

Bloomberg [highlights](#) PMSE's comments on the New York SALT fix:

Parity for Main Street Employers, a coalition representing more than 100 national business groups, supports legislation that would create a personal income tax credit and a new unincorporated business tax for partnerships, S corporations, and other pass-through businesses.

The coalition fears that the \$10,000 federal cap on the state and local tax deduction established by the 2017 tax act (Pub. L. No. 115-97) will cause a "massive tax increase" for owners of pass-through companies who pay personal income rather than corporate income taxes on their profits, according to July 11 comments submitted to the state.

3. S-Corp's New York SALT Comments

Brian Reardon, Breardon@S-corp.org

Last week the S Corporation Association submitted comments to the New York Department Taxation and Finance on their proposed SALT fix for partnerships.

Following hard on the heels of the new Connecticut SALT fix, New York asked stakeholders for feedback on their draft to restore the State and local tax deduction for New York partnerships. In its comments, S-Corp made clear its support for the proposal with the following three improvements:

- *“Expand the UBT to include S corporations as well as partnerships. There are 410,000 S corporations in New York State, employing more than two million people. These S corporations face the same challenges with the new policy as partnerships and they should be included in the reform.*
- *Allow for S corporations and other pass-through businesses to elect out of the UBT on an annual basis. There are several reasons why a pass-through business may choose not to be taxed at the entity level. They should be given that flexibility. Making the UBT an election is essential to avoiding unintended and unnecessary hardships.*
- *Maintain current levels of revenue. The purpose of this reform should be to restore legitimate business deductions to New York's Main Street community, not to raise new revenues.”*

With the New York legislature out for the year, this proposal will have to wait until next year, but the request for comments demonstrates the idea of State's acting to fix the SALT mess continues to have legs in New York and elsewhere.

You can read the full S-Corp comments [here](#). Other affiliated groups submitting comments include our Parity for Main Street Employers coalition and the Star Partnership. The effort to restore SALT deductions continues!

4. Tax Breaks for Job Creators

Brian Reardon, breardon@s-corp.org

The 199A pass-through deduction has become a lightning rod for groups more interested in growing the government than in growing jobs. In our most recent Washington Wire, S-Corp addresses concerns [raised](#) by the Center for Budget and Policy Priorities, concluding:

This is an age-old battle – the CBPP will always want higher tax burdens on job creators to fund more government spending. That's who they are. But we reject the idea that the United States is merely a country of beneficiaries. It's a country of entrepreneurs and risk takers and workers and creators – the types of people that start businesses and make investments and create jobs. That's

the population targeted by the pass-through deduction in the Tax Cuts and Jobs Act.

You can read the full post [here](#):

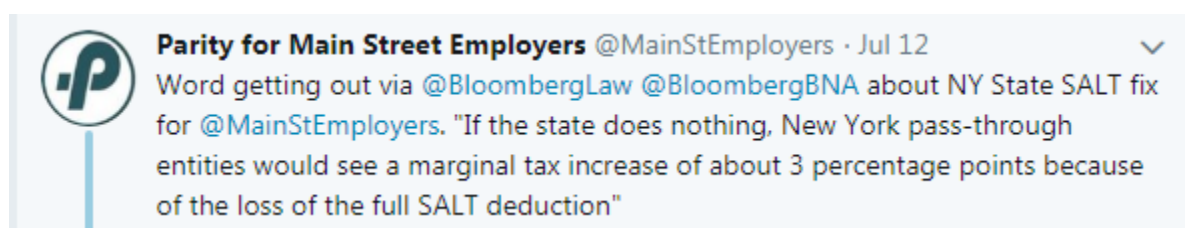
5. Social Media Update

Chris Smith, csmith@mainstreetemployers.org, [@MainStEmployers](#)

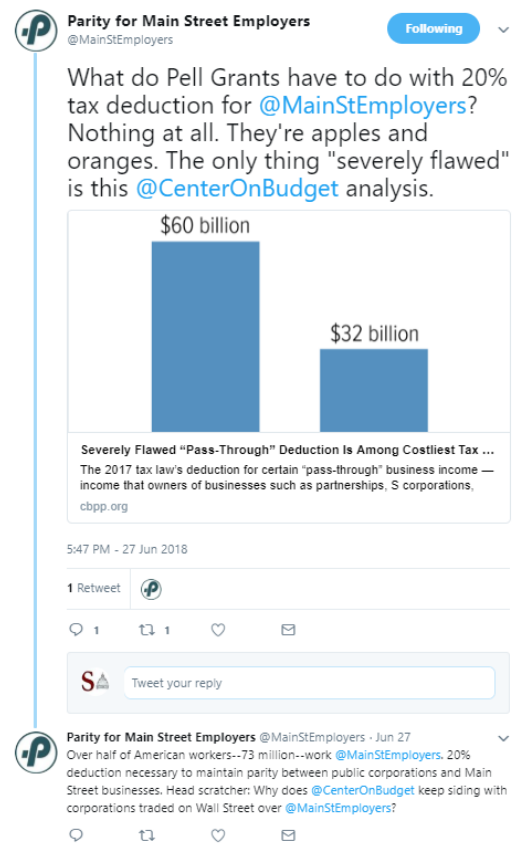
S-Corp highlights Tax Foundation study on the importance of permanence:



PMSE plugs New York comments on SALT fix:



PMSE responds to the CBPP's claims. S-CORP plugs new Tax Foundation study on the importance of permanence, :



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