



S Corporation Association Update

March 20, 2019

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1. March "Madness" Membership Call

Christine Walizer, CWalizer@S-Corp.org

Conveniently scheduled NOT to interfere with your basketball viewing, please join us for our first quarter S Corporation Association Membership call on **Tuesday, March 26th at 4:00 p.m. Eastern**. The call will cover S-Corp efforts on restoring parity for pass-through on rates and SALT deductions. The call information can be found below and within a calendar invitation, which will be forwarded to all S-Corp members.

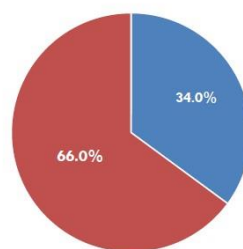
- Join Zoom Meeting Online: <https://zoom.us/j/4966761041>
- **OR** Dial: (646) 558-8656
- Meeting ID: 496-676-1041#

2. Section 199A Deduction Necessary for Pass-Throughs

Brian Reardon, BReardon@S-Corp.org

A new presentation on the Section 199A deduction from the Joint Committee on Taxation has gotten people's attention, particularly this slide:

Share of Section 199A Tax Benefit
Above and Below Threshold



■ Below threshold ■ Above threshold

2019 Taxable Year Projections

The slide prompted Senator Ron Wyden, the Ranking Member on the Senate Finance Committee, to observe, "These are not the struggling small business owners we were told this provision would benefit."

The Ranking Member's response is misdirected, however. The 199A deduction was not an effort to reduce taxes on small businesses, but rather an attempt to maintain tax parity for pass-through businesses of all sizes. Without 199A, Main Street businesses would face sharply higher tax rates than the C corporations they compete with.

You can read the full *Washington Wire* [here](#).

3. Legal Case for Pass-Through SALT Parity

Brian Reardon, BReardon@S-Corp.org

Last week, Bloomberg published a report that got our attention. Entitled, "IRS May Knock down New York, Connecticut SALT Workarounds," the article says the IRS is "likely" to issue regulations that invalidate SALT workarounds.

The reference to New York didn't surprise us. It's no secret the IRS is targeting the charitable workaround adopted by New York and other states – they already issued guidance last fall throwing sand in the gears of that one. But the pass-through SALT parity bills passed by Connecticut and Wisconsin are entirely different, both legally and politically.

Why can C corporations deduct all their SALT while individual pass-through business owners are subject to a \$10,000 cap on their SALT deductions? It's patently unfair and the reason the S Corporation Association and our Main Street Employers coalition has spent the last year pressing states to adopt a pass-through SALT parity bill to level the playing field.

You can read the full *Washington Wire* [here](#).

The Parity for Main Street Employers' press release on the analysis can be read [here](#) (and was picked up by 129 other news outlets, including [Seeking Alpha](#) and [Market Watch](#)).

4. S-Corp In the News

Brian Reardon, BReardon@S-Corp.org

[Arkansas Next With Tax Deduction Cap Workaround Legislation](#), Bloomberg Law
Mar. 7, 2019:

More than 73,000 S corporations and partnerships in Arkansas "would potentially benefit from the bill," Brian Reardon, S-Corporation Association of America president, told Bloomberg Tax.

"It's patently unfair that C corporations can continue to deduct their SALT, but S corporations cannot," said Reardon March 7. "This bill would level the playing field and

reduce taxes on Main Street employers located in Arkansas, all at no cost to the state,” he added.

As proposed, the bill would allow S corporations to deduct their SALT, thereby leveling the playing field relative to what C Corporations can do, according to Reardon.

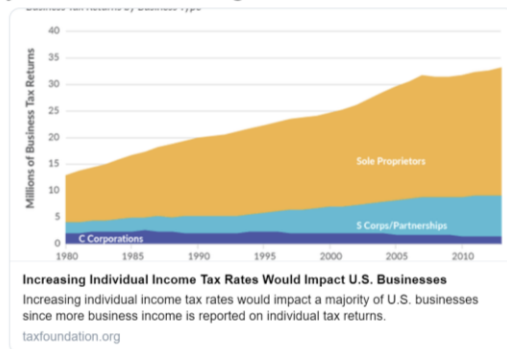
5. Social Media Update

Chris Smith, CSmith@MainStreetEmployers.org, [@MainStEmployers](https://www.instagram.com/MainStEmployers)



Parity for Main Street Employers
@MainStEmployers

@taxfoundation says: “Pass-through businesses represent the ideal tax treatment of a business form.” And increasing individual income tax rates would negatively impact those @MainStEmployers. Hurting jobs, investment, wages.



7:14 PM - 19 Mar 2019

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