

Section 199A



The Main Street Business Deduction

The Section 199A small business deduction is critical to Main Street business success. It encourages job creation and economic growth while ensuring pass-through businesses are able to compete on a level playing field with larger, public corporations.

Section 199A expires at the end of 2025, threatening millions of small businesses with a massive tax hike.

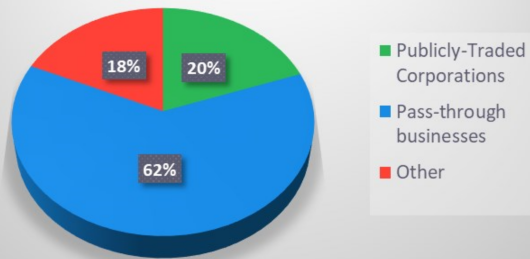
Support for the
**Main Street Tax
Certainty Act**

S. 1706
(Sen. Steve Daines)

H.R. 4721
(Rep. Lloyd Smucker)

- Makes 199A a permanent fixture of the tax code
- Bipartisan / bicameral support
- 100+ original cosponsors
- 160+ national trade associations

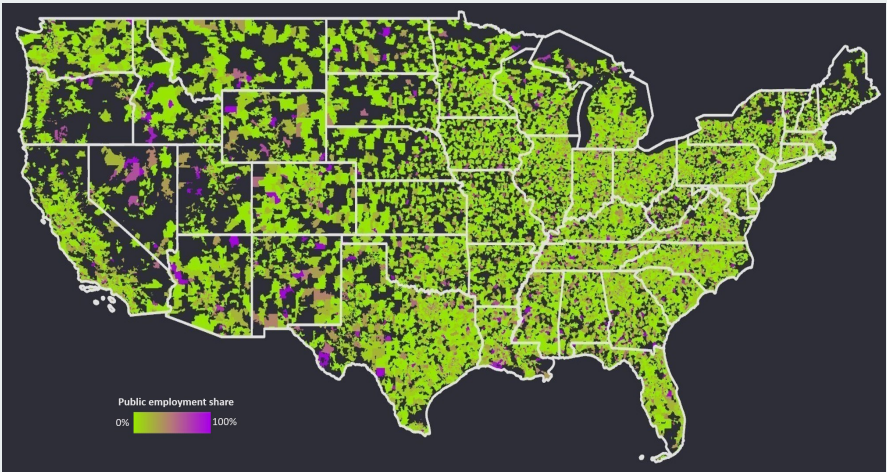
Share of U.S. Employment by Entity Type



Pass-through businesses are the cornerstone of the American economy. They **employ the majority (62%) of private sector workers** and they contribute the majority of business income to our national economy.

Absent Section 199A, pass-through businesses will **face tax rates up to 16 percentage points higher** than their C corporation competitors

| Effective tax rates | Pre-TCJA (2016) | Post-TCJA (2019) | Post-TCJA (2026) |
|--|-----------------|------------------|------------------|
| Large S corporations | 41.2% | 34.0% | 41.2% |
| Pass-through businesses | 32.9% | 27.4% | 32.9% |
| C corporations: | | | |
| Closely-held, fully taxable shareholders | 43.7% | 32.0% | 31.6% |
| 38% of corporate shareholders nontaxable (CBO) | 42.5% | 30.5% | 30.1% |
| 75% of corporate shareholders nontaxable (TPC) | 38.0% | 24.8% | 24.7% |



Most public corporation jobs (purple) are located on the coasts and in city centers, while **private company employment (green) is both larger and more evenly distributed throughout** the country. Thousands of communities across the country rely on small and family-owned businesses for jobs and opportunities, and these business rely on 199A to stay competitive.