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Small Businesses Expect Little Relief from New Tax Law

Statement by Anne Zimmerman, co-chair of Businesses for Responsible Tax Reform and founder and owner of Zimmerman & Co CPAs Inc., a public accounting firm in Cincinnati and Cleveland, Ohio

Washington, D.C., April 1, 2018—With Tax Day 2018 upon us, it’s become clear America’s small businesses won’t be celebrating because of the new tax law. In fact, most will see little if any relief from a law that gave away the farm to big corporations and the wealthiest among us.

While the media has been awash in corporate tax news since big corporations received $1 trillion in tax cuts—which, despite a PR blitz around worker bonuses, appears largely to be benefiting wealthy stockholders—the story is a lot less glitzy for small businesses.

Most small businesses get a temporary 20 percent deduction, versus the 40 percent permanent rate cut for corporations. The Small Business Administration reports the average small business owner earns about $50,000 annually. As a CPA, I've run the numbers. That's about $1,500 in savings—not nearly enough to hire new employees, pay bonuses or give raises.

This law doesn’t treat small businesses like job creators—the same small businesses that create two-thirds of all new jobs and employ half the country’s workforce. According to our public opinion poll, most small-business owners don’t think the law will enable them to invest in their businesses and believe it further tilts the playing field in favor of big corporations.

Consider:

- Seven in 10 small-business owners said they would not hire a new employee as a result of the new tax law.
- Six in 10 small-business owners said they would not be giving their employees raises.
- Only 31 percent of respondents believe the law puts small businesses on a level playing field with big businesses.
Importantly, given the partisan nature of the law, 41 percent of respondents identify as Republican, 31 percent as Democrat and 28 percent as independent or something else. Politics doesn’t have anything to do with small business owners’ feelings about the tax law. Small business owners’ blood doesn’t run partisan red or blue, it runs green. When something isn’t working for their business, they say so. And this law isn’t working for them.

There’s no reason the tax law had to dramatically favor large corporations and the wealthiest individuals. It could have been designed to help the middle class and small business owners. But that’s not what lawmakers chose to do. Instead, this law delivers a tax code that is more complicated, gives every advantage to large corporations and doesn’t treat small business owners like the job creators they are.

The vast majority of small business owners won’t be able to grow their businesses or invest in their employees with the nominal savings they’ll see. While they might save enough to buy a new computer, it’s not nearly enough to hire a new worker or give their employees raises.

Lawmakers can use all the pro-small business language they can think of to sell a tax sham that favors big corporations and the wealthy. But the law snubs small business owners, and they know it.

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**About Businesses for Responsible Tax Reform**

Businesses for Responsible Tax Reform is a coalition of business leaders calling for tax reform that truly benefits America’s small business owners. We are dedicated to ensuring tax reform is fiscally responsible, creates a level playing field for all businesses, grows the economy and works for our nation’s 30 million small business owners. Learn more about us on our [website](#) and follow us on [Twitter](#) and [Facebook](#).