



Overview

Under our nation's current tax system, rates are too high and laws are too complex, thus inhibiting the growth of small business. The current tax code disproportionately affects small businesses, which are forced to expend significant time and resources in order to comply with the extensive, complex and burdensome tax code. Moreover, the tax code impedes small business growth by discouraging long term investment due to high capital gains taxes and hinders further job creation with an over reliance on payroll taxes.

Lessening the tax burden on individuals will encourage small business owners and construction companies to reinvest in their businesses, thus expanding the economy. The Free Enterprise Alliance supports minimizing the tax burden on American citizens—the construction industry in particular—to help increase the rate of capital formation, economic growth and job creation.

The Free Enterprise Alliance Supports

- **A 20 percent deduction for small business income.**
- **A permanent Capital Gains tax rate of 15 percent.**
- **Repealing the Estate Tax ("death tax").**
- **Reducing the Payroll Tax.**
- **Repealing the individual and corporate Alternative Minimum Tax (AMT).**
- **Repealing the 3 Percent Withholding Tax (Section 511).**
- **Increasing and Indexing the Completed Contract Method (CCM) Threshold.**
- **Repealing look-back accounting requirements.**
- **Extending the 15-year Depreciation Schedule for leasehold improvements, restaurant improvements and new construction, and retail improvements.** H.R. 4306, introduced by Rep. Kendrick Meek (D-Fla.), would make permanent the 15-year recovery period for qualified leasehold improvements, restaurant improvements and new construction, and retail improvements. On December 14, 2009, H.R. 4306 was referred to the House Committee on Ways and Means.
- **Providing tax relief for home-based businesses.** The *Home Office Deduction Simplification Act* (H.R. 3615) introduced by Reps. Kurt Schrader (D-OR) and Devin Nunes (R-Calif.) would greatly simplify tax preparation for the nation's home-based entrepreneurs and facilitate the use of the home office deduction, a critical tax benefit. On September 22, 2009, H.R. 3615 was referred to the House Committee on Ways and Means.

- **Providing tax relief for the self-employed.** *The Equity for Our Nation's Self-Employed Act* (H.R. 1470) introduced by Reps. Ron Kind (D-Wis.) and Wally Herger (R-Calif.) would end a significant inequity within the tax code that penalizes self-employed Americans and makes it increasingly difficult to afford health coverage. Sen. Jeff Bingaman (D-N.M) introduced companion legislation, S.725. On March 12, 2009, H.R. 1470 was referred to the House Committee on Ways and Means and on March 26, 2009, S. 725 was referred to the Senate Committee on Finance.
- **A Balanced Budget Constitutional Amendment (BBA).** This would make deficit spending a more difficult proposition, thus forcing the President and Congress to set priorities and guarantee that the nation adheres to a deficit reduction plan.

The Free Enterprise Alliance Opposes

- **New taxes or tax increases.**