



Tax Reform

Help Protect Your Constituents Through Tax Reform

April 2017

What Agents Do

Small businesses are one of this country's greatest assets; they stimulate the economy, create jobs, and have a history of pulling us out of recessions. Despite these significant contributions, small businesses are hampered by overly burdensome laws and regulations. PIA members are independent insurance agencies, which are small businesses that create numerous jobs in their communities across the country. Small businesses make significant contributions, but they are hampered by a faulty federal tax system that treats them inequitably and desperately needs to be overhauled.

The Issue: Burden on Small Business Owners

Because most small businesses are organized as sole proprietors, partnerships, or Subchapter S corporations, they do not pay corporate income tax. Instead, their income "passes through" the firm and appears directly on their owners' individual tax returns, where it is taxed as normal income. PIA is concerned that tax reform will only center on businesses paying corporate taxes and not small business owners that opt to organize as S corporations. At all levels, taxes represent a major cost of doing business and are especially oppressive for small business owners.

The Issue: Retirement for Small Business Owners

Small business owners frequently retire by selling their business at the end of their career. Many PIA member agencies are family-owned small businesses.



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Currently, upon the sale or transfer of insurance agency assets, capital gains tax rates serve to significantly diminish the ability of agency owners to fund their retirements and often increase the debt-load to be carried by the family members continuing the family business. PIA urges that any tax reform package include either the overall elimination of the capital gains tax or a reduced rate for small business owners.

How You Can Help

Ensure Small Businesses Are Included in Tax Relief

- ◆ PIA urges you to include individuals and not only corporations in tax reform, as small business owners should not be excluded from the benefits of tax reform.
- ◆ Include relief for small business owners who pay their business tax through their individual tax returns.
- ◆ Eliminate or reduce the capital gains tax for small business owners.



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