



# Help Protect Your Constituents Through Tax Reform

August 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, 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 proprietorships, partnerships, or Subchapter S corporations, they do not pay corporate income tax. Instead, their income "passes through" their firms and appears directly on firm owners' individual tax returns, where it is taxed as normal income. PIA is concerned that tax reform will focus on the tax liability of large businesses, which pay 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, but they are especially oppressive for small business owners.

### **The Issue: Retirement for Small Business Owners**

Small business owners frequently retire by selling their businesses at the end of their careers. Many PIA member agencies are family-owned small businesses. 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 who continue running the family business. PIA urges that any tax reform package include either the overall elimination of the capital gains tax or a reduced capital gains tax rate for small business owners.

## **How You Can Help**

### ✓ ***Ensure Small Businesses 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 tax relief for small business owners who pay their business's taxes through their individual tax returns.
- Eliminate or reduce the capital gains tax for small business owners.



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