

Tax Competitiveness for Main Street Businesses

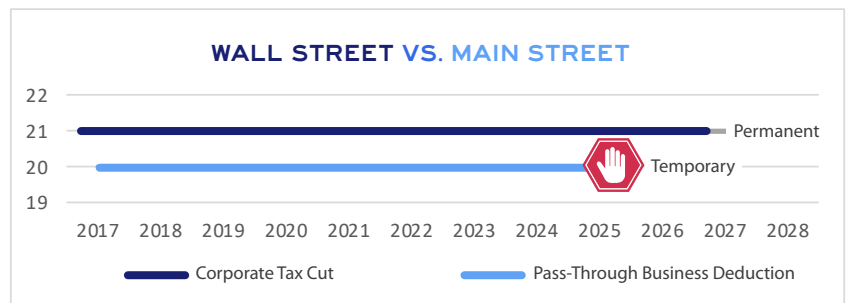
NBWA represents multi-generational, family-owned small businesses that deliver substantial economic benefits for their communities. As Congress faces a variety of expiring tax provisions, providing tax competitiveness and certainty for Main Street will help beer and beverage distributors continue to grow jobs, elevate wages and stimulate the economy.

PASS-THROUGH DEDUCTION: SECTION 199A

The Issue: In the 2017 Tax Cuts and Jobs Act, Congress approved:

- A permanent reduction in the corporate income tax rate from 35% to 21%.
- A temporary 20% deduction for pass-through businesses (such as sole proprietorships, partnerships and S Corporations) for qualified business income.

Unlike the permanent reduction for C corporations, the 20% deduction for pass-through businesses is currently scheduled to expire at the end of 2025, which will create a disadvantage for these small businesses.



Why It Matters: Distributors qualify for the pass-through deduction under section 199A of the Internal Revenue Code. The deduction enables these local, Main Street businesses to stay competitive with Wall Street, create jobs and make investments in their communities.

WE ENCOURAGE CONGRESS TO:

- ✓ Cosponsor the Main Street Tax Certainty Act (H.R. 4721/S. 1706) to make the 20% pass-through deduction permanent.
 - Contact Rep. Smucker: Noelle Britton, noelle.britton@mail.house.gov, 202-225-2411
 - Contact Rep. Cuellar: Matthew Gerson, matthew.gerson@mail.house.gov, 202-225-1640
 - Contact Sen. Daines: Caroline Oakum, caroline_oakum@daines.senate.gov, 202-224-2651

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ESTATE TAX

The Issue: The 2017 Tax Cuts and Jobs Act increased the estate tax exemption, which is currently \$13.61 million per individual for 2024. Unless there is further action from Congress, estate tax exemption levels will revert to \$5 million per individual at the end of 2025, a significant change for small businesses.

Why It Matters: Congress should cosponsor legislation that supports small family businesses and farms and reject efforts to reduce the estate tax exemption or raise current estate tax rates.

WE ENCOURAGE CONGRESS TO:

- ✓ Cosponsor H.R. 7035/S. 1108, which would permanently repeal the estate tax to help family businesses.
 - Contact Rep. Feenstra: Connor Rabb, connor.rabb@mail.house.gov, 202-225-4426
 - Contact Rep. Bishop: Jonathan Halpern, jonathan.halpern@mail.house.gov, 202-225-3631
 - Contact Sen. Thune: James Williams, james_williams@thune.senate.gov, 202-224-2321

FULL AND IMMEDIATE EXPENSING/BONUS DEPRECIATION

The Issue: Bonus depreciation allows businesses to deduct 100% of the cost of new investments, such as machinery and equipment, in the year of purchase. Congress is currently considering legislation to extend full bonus depreciation but only through 2025.

Why It Matters: Making full bonus depreciation permanent will encourage business investment, support growth and create more employment.

WE ENCOURAGE CONGRESS TO:

- ✓ Cosponsor the Accelerate Long-term Investment Growth Now (ALIGN) Act (H.R. 2406/S. 1117), which would make permanent the full expensing of qualified equipment.
 - Contact Rep. Arrington: Mimi Bair, mimi.bair@mail.house.gov, 202-225-4005
 - Contact Sen. Lankford: Jesse Mahan, jesse_mahan@lankford.senate.gov, 202-224-5754