

SMALL BUSINESS TAX SIMPLIFICATION

POLICY POSITION

ISSUE:

Each day, millions of Americans rely on the \$25 billion convenience services industry to provide a broad range of food and beverage products. The industry is comprised of a large majority of small businesses. Therefore, the impact of taxes on the small business community is very important to NAMA and its membership. Congress has introduced bipartisan legislation that would simplify several aspects of the federal tax code making it easier for small businesses to navigate the complex requirements.

The bipartisan legislation currently pending in the U.S. House would establish stability and greater simplicity for small businesses in a way that will ultimately contribute to further business growth and expansion. Specifically, the legislation makes nine changes to the tax code, including:

- Realigning quarterly reporting of estimated tax payments to coincide with when quarters conclude.
- Aligning the filing threshold for 1099-MISC and 1099-K filings at \$1,500.
- Directing the Treasury to establish uniform standards and procedures for accepting digital or electronic signatures with respect to the disclosure of taxpayer's returns or return information.
- Directing the Treasury to perform pre-notification testing to verify recipient information before processing direct deposit refunds.
- Ensuring small business owners can both offer and participate in cafeteria plans (including health savings accounts, dental plans, etc.).
- Excluding earnings from employment income if the earnings are less than the minimum required for social security quarters of coverage
- Allowing a deduction for certain health insurance costs for self-employment tax purposes.
- Ensuring that worker classification is not impacted by voluntary withholding agreements for self-employment or income taxes.
- Ensuring worker classifications are not impacted when companies provide voluntary training and the ability to participate in discount programs to their contractors.

Given that small businesses are a cornerstone of the American economy, simplification of these areas of the tax code will allow small business owners to spend less time complying with complex tax laws, and more time spurring economic growth.

NAMA POSITION:

NAMA supports H.R. 593, the Small Business Owners' Tax Simplification Act of 2019 as an important piece of legislation that will prove highly beneficial for small businesses and their customers across the country and urges Congress to pass it as soon as possible.