

FACT CHECK: Small Business

Setting Record Straight on GOP's False Small Business Claim

GOP Continues False Small Business Claim to Hold Middle Class Tax Cuts Hostage to Millionaire Tax Breaks

- Under the Democratic Plan, 97 percent of small business owners keep all of their tax cuts next year.
- The [JCT analysis](#) cited by Republicans shows that the handful of business owners who would be affected reported an average of more than \$700,000 in active business income alone.
- The taxpayers in this analysis are not necessarily small business owners. They include professionals such as lawyers, doctors, hedge-fund managers, and lobbyists if their businesses are structured as partnerships for tax purposes.
- GOP claims about small business jobs losses are based on a [flawed, industry-financed study](#) that assumes the savings from upper income tax cuts would not be used for deficit reduction as the President has proposed.
- GOP claims about small businesses and the upper income tax cuts have been rated “false” by independent fact checkers [Politifact](#) and [Fact Checker](#).
- “Only about 8 percent of ordinary high-bracket income is generated by *small* business employers. The bottom line is that most income affected by the rate change has nothing to do with small business employment.” – Economist Marty Sullivan, in [testimony before the Ways & Means Committee](#).

The Democratic Plan would Protect 97 Percent of Small Businesses and Actually Provides More Relief for Small Business Owners Who are Investing

- All small business owners continue to receive their tax cuts on their first \$250,000 of income. For the 97 percent of small business owners who make less than that, they keep all their tax cuts.
- The Democratic bill allows small businesses to write-off more of their investments in capital equipment than the Republican bill, providing \$297 million more in tax relief.