



News Release

PRESS OFFICE

Release Date: June 4, 2008
Release Number: 08-58

Contact: Christine Mangi (202) 205-6948
Internet Address: www.sba.gov/news/

Deputy Administrator Marks Five-Year Tax Cut Anniversary at Small Business Roundtables

WASHINGTON – SBA Deputy Administrator Jovita Carranza marked the five-year anniversary of the 2003 Tax Relief by addressing the economic importance to small business owners of permanent tax relief at roundtables in Detroit, MI and Atlanta, GA this week. Small business owners will be faced with sizable increases if the President’s 2001 and 2003 tax cuts expire. In addition, Carranza discussed how small businesses will benefit from the economic stimulus package recently passed by Congress.

“In order to support small business growth and foster innovation, America needs a fiscally sound tax policy,” said Deputy Carranza. “The President’s tax relief has clearly helped small businesses but those tax reforms are set to expire at the end of 2010. Extending the tax relief will provide the boost small businesses need to start and re-invest in their businesses.”

Small businesses depend on capital to grow, and higher taxes discourage saving and investment, especially during challenging economic times. Since most small business owners often pay business income taxes on their individual income tax return, higher income tax rates on individual income will have a big impact on entrepreneurs. Of those Americans who have benefited from the reductions in the top tax bracket, 75 percent were small business owners. According to the U.S. Department of Treasury, 27 million small business owners will face a \$4,066 tax increase on average if the tax cuts expire.

“After 52 consecutive months of job growth, we are now in a period of slow growth, making permanent tax relief even more important to small businesses,” said Carranza. “America’s entrepreneurs are the drivers of innovation, allow our country to be globally competitive and strengthen our economy. It is vital that we support policies that will help them succeed.”

The small business benefits of the 2008 economic stimulus package were also a topic of discussion. The package includes tax incentives for businesses to make investments in new equipment this year – a 50 percent bonus deduction on new equipment that normally would be depreciated over a longer term, and an increase in the limit on expenses that small businesses can deduct from annual income. The boost from this stimulus will help buoy the economy in the coming months and strengthen consumer confidence.

###