Key Findings

• The key message is “uncertainty”

• The Tax Cuts and Jobs Act was designed to spur economic growth, yet:
  • Half of the responding businesses were unsure if their tax burden would go up or down under the new tax law; and
  • More than one-third responded that they are unsure if they will get the new pass-through deduction

• These results point to the importance of Treasury issuing timely and pro-growth rules to help implement the new law

• Clarity over who gets the new pass-through deduction, and how it should be calculated, are at the top of the PMSE advocacy agenda
What is the overall impact of the new Federal tax law on your business as it is currently organized?

- Effective tax rate will go up
- Effective tax rate will go down
- Too complex/don't know yet
Will your business benefit from the new 20% pass-through deduction?

- Yes, we expect to get the full deduction: 40%
- We expect to get a partial deduction: 15%
- No, we do not expect to get any part of the deduction: 10%
- Too complex/don’t know yet: 45%
If you do not expect to get the full deduction, why?

- Our industry or business is excluded: 22%
- Our W-2 wages are too low: 20%
- We have international income: 5%
- Unsure/Don't Understand Law: 30%
- Other: 25%
Will the new rules limiting the deduction for State and Local income taxes (SALT) for most pass-through businesses affect you?
Main Street Member Survey

• To get a better idea of how the pass-through business community is responding to the new tax overhaul, the PMSE sent a survey to several of its member trade groups

• Nearly 200 companies responded, giving PMSE a useful insight into the impact the tax law is having on Main Street employers and how they are responding

• These results were collected using Survey Monkey and are based on voluntary responses from PMSE member companies
Main Street Member Survey
April 17th, 2018

Parity for Main Street Employers