SALT Parity

The 2017 Tax Cuts and Jobs Act subjected deductions on state and local taxes (SALT) on pass-through business income to the same $10,000 cap as other taxes by individuals. Taxes paid by the business entities, like C corporations, remained fully deductible.

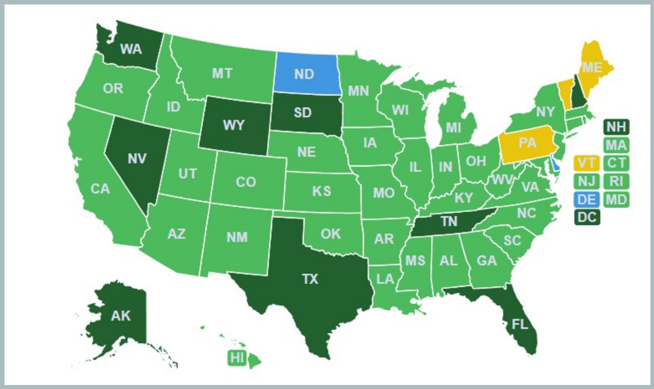
When it comes to SALT deductions, the Tax Code penalizes pass-through businesses, further exacerbating the existing tax rate disparity.

Key Takeaways

- The SALT cap raises taxes on pass-throughs by tens of billions of dollars each year
- Meanwhile, businesses organized as C corporations are not subject to the limitation
- Our SALT Parity efforts have helped address this disparity while saving businesses roughly $20 billion annually

SALT Parity bills help address this imbalance by allowing Main Street businesses organized as pass-throughs to elect to pay their SALT at the entity level.

The election restores the SALT deduction and affords these businesses the same treatment that C corporations receive.



To ensure fairness, lawmakers should take the following steps:

- Keep the current rules to ensure SALT paid by businesses, including pass-throughs and C corporations alike, continues to be deductible as a business expense; and
- Support Main Street by codifying the IRS Notice 202-75 blessing our SALT Parity efforts.

MainStreetEmployers.org/salt