

HEALTH CARE SURCHARGE WOULD NOT AFFECT 98.8% OF SMALL BUSINESS OWNERS

Some have asserted that the revised health care surcharge would burden sole proprietors and businesses that are operated through partnerships and S corporations. This is simply not true.

The nonpartisan Joint Committee on Taxation (JCT) has found that only <u>1.2%</u> of sole proprietors, partners and S corporation shareholders operating a business would be affected by the health care surcharge.

Those numbers include all taxpayers with as little as \$1 of business income.

The revised health care surcharge would only be assessed on net profits of the small business – employee salaries, research and development expenses, depreciation and section 179 capital equipment expenses reduce the adjusted gross income of small business owners.





Data Source: Joint Committee on Taxation.

<u>These wealthy business owners are not what you would consider to be small business owners – they include hedge</u> <u>fund managers, private equity fund managers, owners of privately held multinational companies, lawyers and</u> <u>lobbyists making millions of dollars a year.</u>

- If you dig into these numbers, you find that half of these "business owners" derive more than two thirds of their income from non-business sources. *Source: JCT*.
- The average annual income of the 1.2% of business owners that would be affected by the revised health care surcharge is nearly \$3 million. *Source: JCT.*