



AMERICANS *for* TAX REFORM

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President

FOR IMMEDIATE RELEASE
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October 15, 2008
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Five Things You Might Not Know About Obama's Small Business Tax Hikes

Record Tax Hike on Small Businesses Will Kill Last Job-Creating Sector

WASHINGTON, DC— Americans for Tax Reform today released the following “top five” facts related to the Obama tax hike on small businesses:

1. **Two-thirds of small business profits are earned in households making more than \$250,000 per year—the very households Obama is shouting from the rooftops that he will raise taxes on** (*Source: IRS Statistics of Income Bulletin**). Small business profits are used to create jobs and invest in America. This is the answer to the Obama campaign's irrelevant claim that the number of small businesses affected will be small—the fact is that the bulk of profits will face a tax hike.
2. **Small businesses pay income taxes at the household level.** This means that the Obama plan to raise tax rates is a direct tax hike on small businesses—sole proprietorships, partnerships, S-corporations, and family farms
3. **The tax rate on the lion's share of small business income could reach 54.9 percent under a President Obama** (the individual top rate will climb from 35 percent to 39.6 percent and the Social Security/Medicare tax rate could climb from 2.9 percent to 15.3 percent. Put those together, and you get 54.9 percent) (*Source: www.barackobama.com*)
4. **This 54.9 percent tax rate would be the highest since the Carter Administration,** when America suffered through double-digit inflation and unemployment (*Source: Congressional Budget Office*)
5. **America's 26 million small businesses employers give a paycheck to 42 million employees** (*Source: Census Bureau*). When small business taxes go up, millions of these employees will be at risk of being laid off.

“Obama's tax increases will only affect you if you have a 401(k), have any savings, buy things from small businesses or are looking for a job,” said Grover Norquist, president of Americans for Tax Reform. “If you fall into one of these categories, his policies will screw you. Otherwise, you're fine.”

* “Small business profits” is equal to the net profits less net losses of sole proprietors, S-corporation shareholders, and partners. According to the IRS, two-thirds of these small business profits are earned in households with adjusted gross income (AGI) equal to or greater than \$200,000. In 2006, \$473 billion of the \$706 billion (two-thirds) of small business profits was earned in households Obama has said he would raise tax rates on.

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Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact John Kartch at (202) 785-0266 or by email at jkartch@atr.org.

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