

Three Key Tax Policies Are 'Killing' America's Largest Employer: Family Businesses

Survey Shows Income Tax, Death Tax, and Capital Gains Tax are Most Damaging to Generationally-owned Family Businesses

WASHINGTON, DISTRICT OF COLUMBIA, UNITED STATES, August 4, 2022 /EINPresswire.com/ -- Three tax policies doing the greatest damage to America's largest employer, family businesses, have been called out in a recent survey among owners and managers of family businesses.

The most concerning tax issue, by a wide margin, was high income tax, according to the survey.

The survey found 45% of multi-generational family businesses said high income taxes were the most negatively affecting their business' fate. The study was conducted in the first quarter of this year by Family Enterprise USA in its annual study of family businesses in the U.S. The study's primary sponsor was BNY Mellon Wealth Management. [Policy and Taxation Group](#) is an organization comprised solely of families or family offices directly or indirectly impacted by harmful taxes and regulations, including the death tax.



Research shows family businesses make up \$7.7 trillion in annual GDP and represent 59% of the

country's private workforce. Family businesses cover a wide cross section of industry, including 23.7 percent in manufacturing, 10.4 percent in construction/facilities, and 9.75 percent in real estate, the study found.

'Death Tax' Ranks Second Worst

The next most concerning tax among this group was the estate tax, commonly known as The Death Tax. The research showed 27% were worried about this death tax as it relates to the ongoing viability of their business once the controlling family member passes away.

The third worst tax, according to the survey, was the current capital gains tax. Of the respondents, nearly 14% said they saw a need to lower this tax burden.

"Income taxes are still remarkably high in this country, and for family businesses this hits much harder and unfairly, since many do not have the same tax advantages as corporations," said Pat Soldano, president, Policy and Taxation Group. "The high-taxes on family businesses, especially the Death Tax, can ultimately kill them outright."

Other critically hurtful taxes were payroll taxes, with nearly 10% saying these were damaging, while only 4.7% said sales and service taxes were an issue, the survey found.

Tax Legislation to Watch

In addition to current taxes there are several key legislative proposals are on Congress' table in the next 60 days and many, if passed, will adversely affect families and family businesses in America, according to tax experts.

The proposed bills, in both the US Senate and House of Representatives, are revenue generating remnants of the Build Back Better Act and are red-light issues for family businesses, representing nearly 60 percent of the country's private workforce.

"Families businesses, and families in general, need to be aware of these ongoing proposed tax increases, and other adverse policies, which are still very much alive and could become legislation if people do not speak up," said Soldano.

Key danger points, according to Soldano, include the ongoing proposals to increase the corporate tax rate from the current 21 to 28 percent, and the individual rate for high earners from 37 to 39.6 percent. The capital gains rate increase is proposed to increase from 20 to 39.6 percent.

"There are numerous pieces of proposed legislation that are aimed directly at hurting families and their businesses," Soldano said. "All family businesses need to understand how these damaging proposals would work and contact their congressional representatives."

These additional adverse proposals include taxing certain carried interest as ordinary income,

repealing like-kind exchanges, and dramatically expanding the death tax.

Last year, the Policy and Taxation Group was successful in stopping many of the damaging actions in the Build Back Better Act, including no increases in the death tax and capital gains tax.

“We have new research that shows the depth and strength of America’s family businesses, and what it means to keep them strong,” she said. “Striking down this kind of negative legislation is critical to keeping this sector healthy.”

Soldano is also president Family Enterprise USA, promoting family business creation, growth, viability, and sustainability by advocating for family businesses. It is the sister organization of the Policy and Taxation Group.

For the full details of the “FEUSA 2022 Annual Family Business Survey” can be found at www.familyenterprise.com.

About Policy and Taxation Group

Policy and Taxation Group is the leading information, education and advocacy organization working for the reduction and ultimate elimination of estate, gift, and generation skipping transfer taxes, and other taxes that punish hard work and success. Policy and Taxation Group is a 501(c)(4) organization comprised solely of families directly or indirectly impacted by these harmful taxes and regulations. For more information and support go to policyandtaxationgroup.com.

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