

# Vast Majority of Family Businesses Are 'Pass Through' Entities, Get Taxed More, Says National Survey from FEUSA

*Survey Says 78% of Family Businesses Pay Higher Taxes; Over 85% Are Majority Owners*



WASHINGTON, DC, UNITED STATES,  
September 4, 2024 /EINPresswire.com/

-- The vast majority of America's family businesses are operating as "[pass through](#)" entities and as a result are paying higher taxes than corporations, according to results from the new Family Enterprise USA Family Business Annual Survey.

This year's Annual Family Business Survey on the state of family businesses in America was the largest survey taken to date, with 789 respondents from 40 states completing the survey.

The survey found when it comes to family business ownership 78% are "[pass through entities](#)," which get taxed at the significantly higher personal income tax rates rather than the 21% rate corporations pay today.

With pass-through taxation, a business's income "passes through" to the business owner's personal tax return. Sole proprietors and other small businesses are often set up as pass-through entities, with the owner's business income treated the same as their own personal income.

In breakdown of owners, the survey found 57% of family businesses are S Corporations, 19% are limited liability entities, and 2% operate as partnerships. These three entities are all "pass throughs" and pay as much as 37% in federal taxes.

Family businesses operating as C Corporations, which pay 21% in taxes, account for only 18% are C Corporations, the survey found. In addition, only 3% are managed by trusts, the data showed.

However, when it comes to planning for transitioning to the next generation of ownership, 75% say they "use trusts for planning" for the future entity changes.

America's family businesses are the largest private employer in the country, accounting for 83.3 million jobs in 32 million family businesses. Family businesses contribute \$7.7 trillion annually to U.S. gross domestic product, according to research.

When asking about family business ownership and control of family businesses, the survey found 85.5% are "sole or majority owners."

The breakdown showed 59.5% are "sole owners," while 26% were "majority owners."

Only 6.5% did not own or manage their company, while 6% were minority owners, and 2% were managed by non-owners, the survey found.

"Despite the many challenges facing family businesses, pass through entities are taxed at an unfairly high level compared to corporations, yet family businesses are the largest private employers in the country," said Pat Soldano, President of Family Enterprise USA and the Policy and Taxation Group, both advocates for family businesses on Capitol Hill.

"This year's survey highlights further this large discrepancy in taxation between corporations and pass-through entities, like the majority of family businesses," she said. "We need to educate our legislators on Capitol Hill so they understand the importance family businesses in our economy, and to help level the playing field as they start developing new tax legislation."

Results from this year's survey are now available at <https://familyenterpriseusa.com/family-business-survey/>.

About Family Enterprise USA

Family Enterprise USA promotes generationally owned family business creation, growth, viability, and sustainability by advocating for family businesses and their lifetime of savings with Congress in Washington DC. Since 2007, Family Enterprise USA has represented and celebrated all sizes, professions, and industries of family-owned enterprises and multi-generational employers. It is a bipartisan 501.c3 organization. [www.familyenterpriseusa.com](http://www.familyenterpriseusa.com)

Bob Chew

Family Enterprise USA

+1 310-383-0528

[email us here](#)

Visit us on social media:

[Facebook](#)

[X](#)

[LinkedIn](#)

[Instagram](#)

---

This press release can be viewed online at: <https://www.einpresswire.com/article/740553229>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2024 Newsmatics Inc. All Right Reserved.