



Congress Passes FICA Tip Tax Credit: A Historic Victory for the Professional Beauty Industry

Salon, spa and barbershop owners finally win long-overdue tax fairness in one of the most significant legislative victories in beauty industry history.

SCOTTSDALE, AZ, UNITED STATES, July 7, 2025 /EINPresswire.com/ -- Congress has officially passed the 45B FICA Tip Tax Credit, finally providing tax fairness for salon, spa and barbershop owners by allowing employers a dollar-for-dollar tax credit on the employer portion of FICA taxes on employee tips.

The Professional Beauty Association (PBA) celebrates this moment as a generational victory for the more than 1.3 million professionals who power the beauty industry across the United States. For the first time ever, beauty business employers will receive the same tax credit afforded to restaurant employers since 1993.

This change corrects a decades-old tax inequity and delivers long-overdue recognition to an industry made up overwhelmingly of women, diverse entrepreneurs and single-location small-business owners.

"As government affairs professionals, Kati Rapoza and I have spent nearly 15 years working to advance this legislation," said Myra Reddy, director of government affairs. "The beauty industry deserves tax fairness and a voice to represent them in Congress. We're proud to have represented PBA members.

Every advocate who stood with us deserves immense gratitude — we did this together."

Passed as part of the reconciliation package, the Section 45B FICA Tip Tax Credit, paired with the new No Tax on Tips deduction for workers, represents sweeping federal tax reform for service-based businesses. It will not only provide financial relief but will also help stabilize and elevate the future of thousands of beauty businesses across the country.

What the 45B FICA Tip Tax Credit Will Do:

- Offset increased FICA liability from higher reported tips
- Free up capital for reinvestment in staffing, training, wages and benefits
- Strengthen women- and minority-owned small businesses

- Encourage accurate and transparent tip income reporting

“This isn’t just a tax credit — it’s a statement,” said Leslie Perry, executive director of the Professional Beauty Association. “It says our industry matters. Beauty professionals are job creators, community builders and economic drivers. Finally, the professional beauty industry has achieved tax fairness in our U.S. tax code.”

The Professional Beauty Industry at a Glance

- Eighty-three percent of industry professionals are women
- Sixty-nine percent of employer businesses are women-owned
- Forty-seven percent are minority-owned
- Ninety-eight percent of salons operate as single-location small businesses
- The industry generates \$81.8 billion in annual revenue

The passage of the 45B FICA Tip Tax Credit is not just a win, it’s a long-awaited validation of the industry’s contributions, and a turning point in how Congress views America’s beauty professionals.

The Professional Beauty Association is grateful for every advocate, business owner, and policymaker who stood firm over the years—especially our partners at the International Salon & Spa Business Network (ISBN) for their commitment and collaboration in helping bring this across the finish line.

“ISBN’s leadership, unity, and unwavering support were instrumental in helping our industry speak with one voice. Their partnership elevated this effort in every way, and we’re deeply grateful to stand alongside them in this historic win,” said Kati Rapoza, PBA government affairs manager. “We also express special thanks for the invaluable support of Gordon Logan of Sport Clips and Rhoda Olsen of Great Clips, whose dedication and generosity were key to achieving this milestone.”

ISBN President Edward Logan, CEO of Sport Clips, echoed the significance of this moment for the future of the industry:

“The passage of No Tax On Tips and the extension of the employer tip tax credit to the beauty industry is historically impactful for our industry,” said Logan. “Licensed hair and beauty services professionals will see an increase in their take-home pay, making these careers even more attractive. Small businesses across the country will be empowered to thrive and reinvest, open new locations, better serve consumers, and employ a greater number of talented professionals.”

This victory was earned through unity, resilience and an unwavering belief that beauty professionals deserve better.

For more information, [visit probeauty.org](https://www.probeauty.org).

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