

TESTIMONY BEFORE THE UNITED STATES CONGRESS  
ON BEHALF OF THE  
**NATIONAL FEDERATION OF INDEPENDENT BUSINESS**



Statement for the Record of Alison Couch  
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United States House of Representatives  
Committee on Ways and Means

*"Hearing on The Need to Make Permanent the Trump Tax Cuts for  
Working Families"*

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Good morning, Chairman Smith, Ranking Member Neal, and members of the House Ways and Means Committee. My name is Alison Couch, and I am the President of Ignite Accounting & Business Advisors. Thank you for inviting me to your hearing today to provide real world testimony on crucial issues before you.

As many of you may remember, this is the second time that I have testified before this Committee on the important issues being addressed today. In April of 2023, I came before the Ways & Means Committee at a hearing in my home state of Georgia to discuss the challenges facing the small businesses that my team and I work with, as well as what your committee can do to support the problems that they face.

During that hearing, I underscored the need for Congress to renew provisions of the Tax Cuts and Jobs Act of 2017 ("TCJA") that small businesses have become dependent upon, particularly the 20% Small Business Deduction ("Section 199A"), and work to reduce regulatory burdens on small businesses so that their limited resources are not consumed with meeting these onerous requirements.

Today, my testimony will be much the same. As we get closer to critical parts of the TCJA expiring at the end of this year, the clients that my team and I support still lack the certainty of whether or not many of the provisions that their businesses depend upon will be extended. These include the 20% Small Business Deduction and reduced rates for individual income brackets. Moreover, they are still faced with steep regulatory requirements imposed by taxing authorities that deplete much of their time and efforts.

For those new to the committee, I sit before you today with the perspective of true American small business owners. My own small business, Ignite Accounting & Business Advisors is an accounting firm based in Columbia County, Georgia. My small-but mighty-team services over 200 clients by providing bookkeeping, financial statement preparation, sales tax, payroll tax, property tax, and income tax services.

As I said in my previous testimony, my business is a small business that nurtures other small businesses, and a critical aspect of our work is providing financial advice to our clients, which can often include providing a listening ear and encouraging words, and that perspective is a crucial part of any testimony presented before you.

In my April 2023 testimony, I underscored the need for Congress to act to preserve the 20% Small Business Deduction. In that testimony, I stated that the tax burden

on small businesses was already incredibly heavy and allowing this deduction to lapse when it has been in place for many years would not feel like a sunset, but like a tax increase. Today, with this section of the tax code set to expire in less than one year, this remains true, and I urge Congress to act swiftly to renew it. The small businesses that I work with have become dependent on having access to those funds, and they need the certainty provided by making the 20% Small Business deduction permanent.

My typical client generates \$3 million or less in annual revenue, employs on average a staff of 10, and depends on the small business deduction. I have practiced public accounting for 21 years and can tell you without doubt that the 20% Small Business Deduction has been the single most beneficial tax deduction for small business owners. Moreover, this deduction is more far reaching, vertically and horizontally, to small business owners when compared to other deductions. For example, depreciation deductions require significant cash flow reduction or taking on debt, but Section 199A does not.

This is true of small businesses nationwide. A recent EY study on the macroeconomic impact of Section 199A for small businesses found that 25.9 million small businesses nationwide utilize this deduction and that it directly supports job creation in the small business sector.<sup>1</sup> As part of my testimony today, I would like to submit that report to the hearing record.

Another area of apprehension for my small business clients is that if Congress does not act, the reduced tax rates for individual income brackets established under the TCJA will increase. As members of this committee are aware, the 20% Small Business Deduction is available to businesses that operate as pass-through entities, like S-Corporations and Partnerships. This means that their business profit and this deduction flows from their business return onto their 1040 and nets there, to be taxed at the owners' individual tax rates. In fact, 33 million small businesses in the United States are organized as pass-throughs.<sup>2</sup>

As I stated in my testimony in April 2023, business income is different from a business owners' income. I would like to stress this point again. Increased business income allows small business owners to reinvest in their businesses and employees. If Congress does not address the changes in personal income brackets

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<sup>1</sup> Brandon Pizzola, EY, *Macroeconomic Impacts of Permanently Extending the Section 199A Deduction on Small Businesses*, September 2024, [NFIB.com/EYReport2024](https://www.nfib.com/EYReport2024).

<sup>2</sup> *Id.*

set to expire at the end of this year, small businesses structured as pass-throughs will be faced with a tax increase.

Finally, in my April 2023 testimony, I highlighted the issue of regulatory burdens imposed on small businesses by the IRS, particularly the thresholds on 1099-NEC and 1099-K forms. The threshold for 1099-NEC of \$600 has not been adjusted in decades. I would ask you to consider a one-time adjustment of this threshold to account for the impact of inflation over the years that no adjustment has been made, and then an annual adjustment thereafter. While the IRS adjusts almost every other aspect of reporting requirements, this one has remained the same, resulting in increased reporting requirements for small businesses.

On the other hand, while the threshold for 1099-K has been adjusting, the adjustments are moving in the wrong direction. For the years 2023 and prior, payment apps and marketplaces have been required to send out the form to taxpayers who receive over \$20,000 and have over 200 transactions. For 2024, the threshold moved down to \$5,000 and the IRS recently set the threshold for 2025 at \$2,500. The intention is to further reduce it to \$600 for the calendar year 2026 and thereafter. For the years 2024 and after, 1099-K requirements are based solely on dollar thresholds, with no consideration for the number of transactions. 1099-Ks offer a unique set of concerns, as many in the accounting industry predict much confusion between business payments for goods and services versus personal payments from family and friends.

As the Committee reviews the proposals to reduce burdens on small businesses, I urge your members to consider reversing the course on lowering the 1099-K threshold amounts, and instead work to increase them.

Thank you for the opportunity to testify today. I look forward to answering any questions.