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Environment and Public Works  
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Dear Small Business Advocate,

As Chairman of the Senate Small Business and Entrepreneurship Committee, I have the pleasure of partnering with small business owners and their advocates to address important small business issues. In my discussions with the small business community, there is one issue that is raised more than any other and that impacts small businesses regardless of size or industry: the burden of tax compliance.

The administrative burden of tax compliance is a greater strain on small businesses than their actual tax liability, according to an NSBA small business survey. In response, I will soon be proposing the **Small Business Tax Compliance Relief Act** to address many of those compliance related issues raised by small businesses that continue to go unresolved. Unlike other previous small business tax bills, the SBTCRA does not seek to alter tax rates or pursue wholesale reform. Instead, the legislation is mostly technical in nature and provides relief from provisions frequently cited as overly restrictive or onerous for a small business. These provisions include:

- 1) Increasing the threshold for cash accounting to \$10 million.
- 2) Increasing the de minimis safe harbor threshold for small businesses from \$500 to \$2500
- 3) Eliminating burdensome record keeping requirements for certain communications equipment
- 4) Full deductibility of health insurance for the self-employed just as all other businesses enjoy
- 5) Creating a Flexible Retirement Account option with simplified rules and fewer restrictions
- 6) Requiring the IRS to convene small business review panels when making rules changes that would impact small businesses, as is customary with some agencies under the Regulatory Flexibility Act and the Small Business Regulatory Enhancement Flexibility Act
- 7) Giving the IRS commissioner necessary authority to waive penalties or deadlines if the small business is shown to have acted in good faith.
- 8) Adopting inflationary adjustments for several fixed limitation amounts (not rate brackets)
- 9) Directing the IRS to produce a report that details the various statutory definitions that can be standardized and recommendations for how tax provisions can be "layman proof."
- 10) Directing the IRS to produce a report with specific ideas on how to improve its customer service to small businesses and shorten its turnaround time for them as well.
- 11) Modifying rules relating to the termination of partnerships and S-corps
- 12) Repealing special rules for top-heavy plans

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- 13) Provide greater opportunity for small businesses to obtain reasonable cause exceptions and waivers when they protest a penalty and have acted in good faith
- 14) Adjusting some tax dates to be more in keeping with the normal, yearly business cycle
- 15) Utilizing Section 409A deferred compensation packages without the overly restrictive rules that were originally designed in response to the Enron and WorldCom scandals.
- 16) Reducing the holding period for qualified small business stock from 5 to 3 years.
- 17) Extending the rollover period for qualified small business stock from 60 days to 1 year

Small business constituents have indicated that addressing these issues would be a significant win for the small business community and would reduce their compliance burden in a substantive way. Although these proposed reforms are nuanced and may seem modest when held against the backdrop of wholesale tax reform, they enjoy broad business and bipartisan support nonetheless.

I will be proposing the SBTCRA in the coming weeks and am asking you to stand with me to bring long overdue tax compliance relief to America's job creators. Small businesses shouldn't have to wait for wholesale tax reform to have these issues resolved; Congress can, and should, address them right now.

Thank you in advance for your support and continued commitment to small business advocacy. Please contact David Stokes at [david\\_stokes@vitter.senate.gov](mailto:david_stokes@vitter.senate.gov) for any further questions or comments on the bill.

Respectfully,

A handwritten signature in black ink, appearing to read "David Vitter". The signature is stylized and written in a cursive-like font.

David Vitter  
U.S. Senate