



CHRISTIAN EMPLOYERS ALLIANCE

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CONTACT CEA MEDIA: [media@christianemployersalliance.org](mailto:media@christianemployersalliance.org)

## **Protect Small Businesses from Massive Tax Increases**

*Margaret Luculano*

Small businesses nationwide are fighting an uphill battle, with rising costs and inflation, workforce challenges, and increasing uncertainty about the future, all posing major hurdles that can be really difficult to clear.

The last thing small businesses and small-business owners need right now is to be hit with a massive tax increase that could jeopardize their ability to keep their doors open. Sadly, that's precisely what is set to happen at the end of this year and next, when a range of tax cuts, credits, and provisions are scheduled to expire. Lawmakers should work together to avoid what could be a disaster for small and mid-sized businesses nationwide.

Passed during the first Trump Administration, the Tax Cuts and Jobs Act (TCJA) of 2017 implemented several sweeping changes to the U.S. tax code that helped strengthen U.S. businesses, from large companies to small businesses to start-ups.

That includes lowering the corporate income tax rate from 35% to 21%, which incentivized many small businesses to restructure themselves as employer c-corps to take advantage of the lower rates. In fact, the bulk of c-corps are smaller enterprises, according to the [Small Business & Entrepreneurship Council](#), with nearly three-quarters of them employing fewer than 10 employees.

Additionally, for small businesses structured as pass-through entities, the TCJA included the Small Business Tax Deduction, which provides critical relief by allowing small-business owners to claim up to a 20% deduction of their business income. However, this deduction as well other critical provisions that benefit small-business owners and their families are



all going to expire soon if Congress fails to act. That includes the Child Tax Credit (CTC), which helps working families keep more of their hard-earned money.

Allowing these provisions to expire or increasing corporate income taxes to help “pay for” the extension of these provisions should not be acceptable options for our lawmakers. Either would be akin to imposing a massive tax increase on job creators and American small businesses, including many of the Christian-owned businesses represented by the Christian Employers Alliance (CEA), whose membership include employers desiring to freely operate their businesses according to biblical principles and share their faith in the workplace. Both options would essentially pull the rug out from under small businesses and the entire economy.

High inflation brought on by years of wasteful out-of-control government spending and failed tax policies have had a devastating impact on America’s small businesses and small-business owners. Moreover, working families end up paying for these failed policies as prices at the pump and the grocery store continue to rise while wages and business growth remains stagnant.

CEA’s members and small businesses across the country need swift, decisive action from Congress to address these concerns before they snowball into something that is out of their control. That is why we [wrote](#) to President Trump encouraging him “to build on the tremendous achievements in the TCJA by enacting a permanent CTC,” and now we are encouraging Lawmakers to do the same and strengthen the TCJA in order to help position American small businesses for long-term success.

When all is said and done, we need strong leaders in Washington who will help promote smart, pro-growth tax policies that support local small businesses, reduce costs, and provide much-needed relief. That must include preserving the low corporate tax rate that enables businesses to grow, create and support jobs in their communities, and compete in an increasingly global marketplace.

*Margaret Iuculano is President of the Christian Employers Alliance*



*Established in 2016, Christian Employers Alliance is a national 501(c)(3) non-profit organization. We serve as the voice for America's top Christian CEOs, spanning from Wall Street to Main Street. Our mission is to advocate for biblical values in business and to promote these principles, values, and virtues within the workplace.*

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