



# Small Business Taxation Survey

**February 2025**



# Welcome

## Thank you for your interest in NSBA's 2025 Small Business Taxation Survey.

Among some of the key findings of the survey:

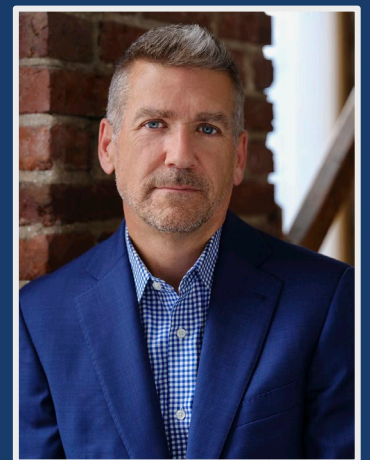
- The majority of small-business owners spend **more than 20 hours per year dealing with federal taxes**, even though the vast majority (71 percent) pay an external tax practitioner to handle their taxes.
- Ninety percent of small-business owners say **federal taxes impact the day-to-day operations** of their business, one-in-three cite a significant impact.
- Among the small-business respondents who said they directly outsource goods from outside the U.S., the vast majority identified China as a country they purchase from.
- More than half of small-business owners say that **finding information directly from the IRS is difficult**.
- By far, administration and **complexity is the largest burden facing small businesses when it comes to federal taxes**, NOT the financial cost.

For years, NSBA has been warning policymakers about the challenges posed by various sunseting laws and how those create additional hardships that fall squarely on the shoulders of small businesses. Today, that fear is front-and-center as Congress must address the expiration of various small-business tax cuts including the 199A Qualified Business Income Deduction—top priorities as voted on at NSBA's recent Small Business Congress.

As Congress embarks on this tax extender discussion, **it is imperative that small businesses are afforded tax stability, predictability, and permanency, not to mention parity with larger businesses.**

I hope you find this survey useful. Please reach out our Media Affairs team at [mday@NSBAadvocate.org](mailto:mday@NSBAadvocate.org) with any questions.

Best,  
Todd McCracken, NSBA President and CEO



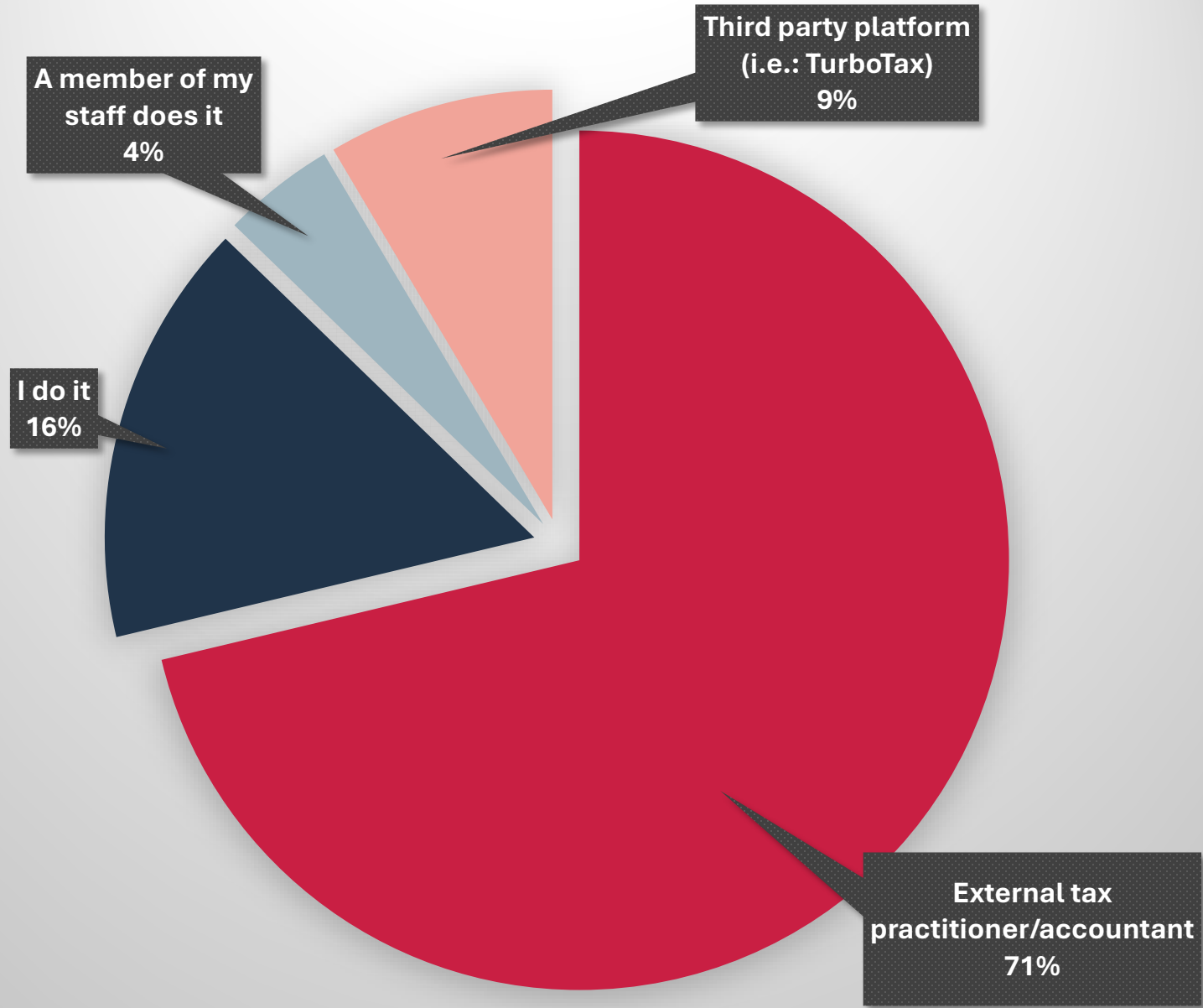


# **TAX ADMINISTRATION**

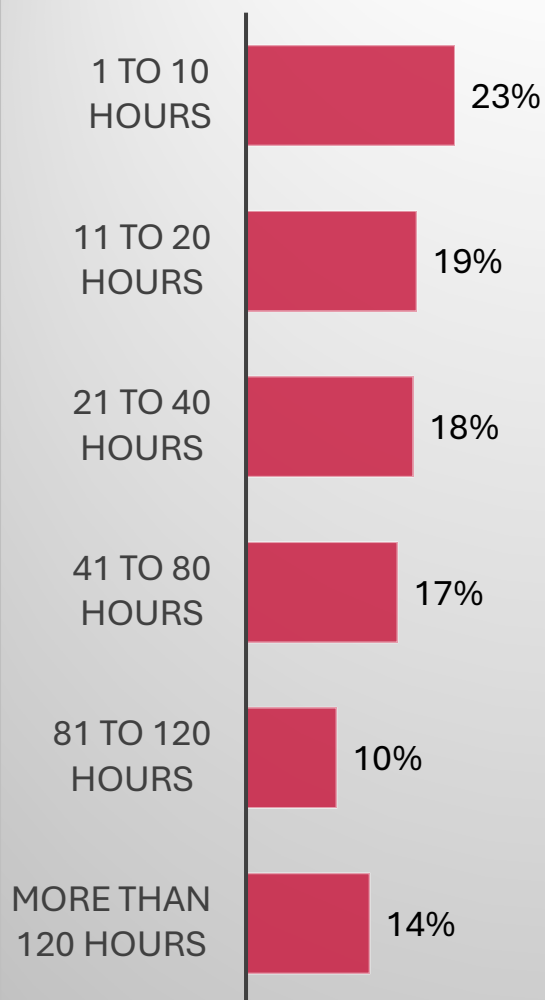
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# HOW DO YOU PREPARE YOUR COMPANY'S TAXES?



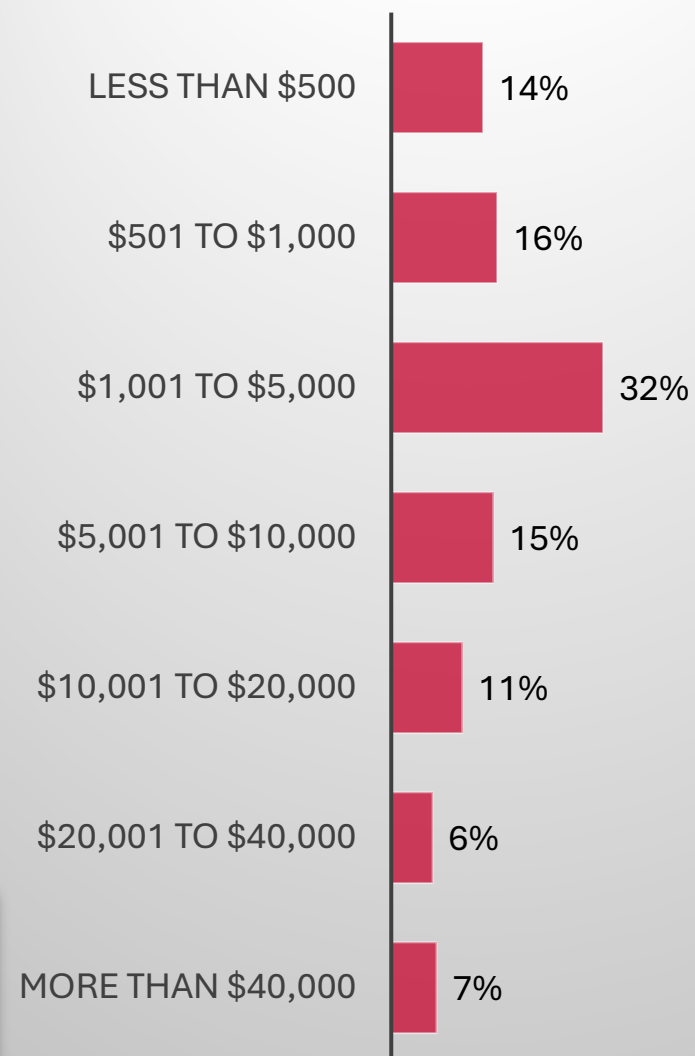
## APPROXIMATELY HOW MUCH **TIME** DO YOU AND YOUR STAFF SPEND EACH YEAR DEALING WITH FEDERAL TAXES?



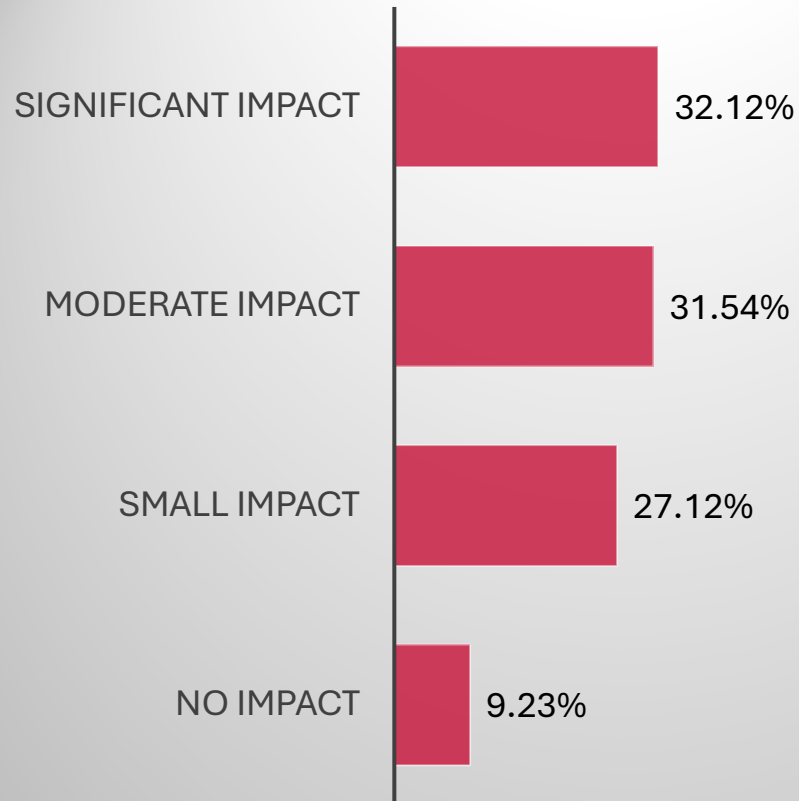
The majority of small-business owners spend more than 20 hours per year dealing with federal taxes.

**2-in-5** spend **more than 40 hours per year.**

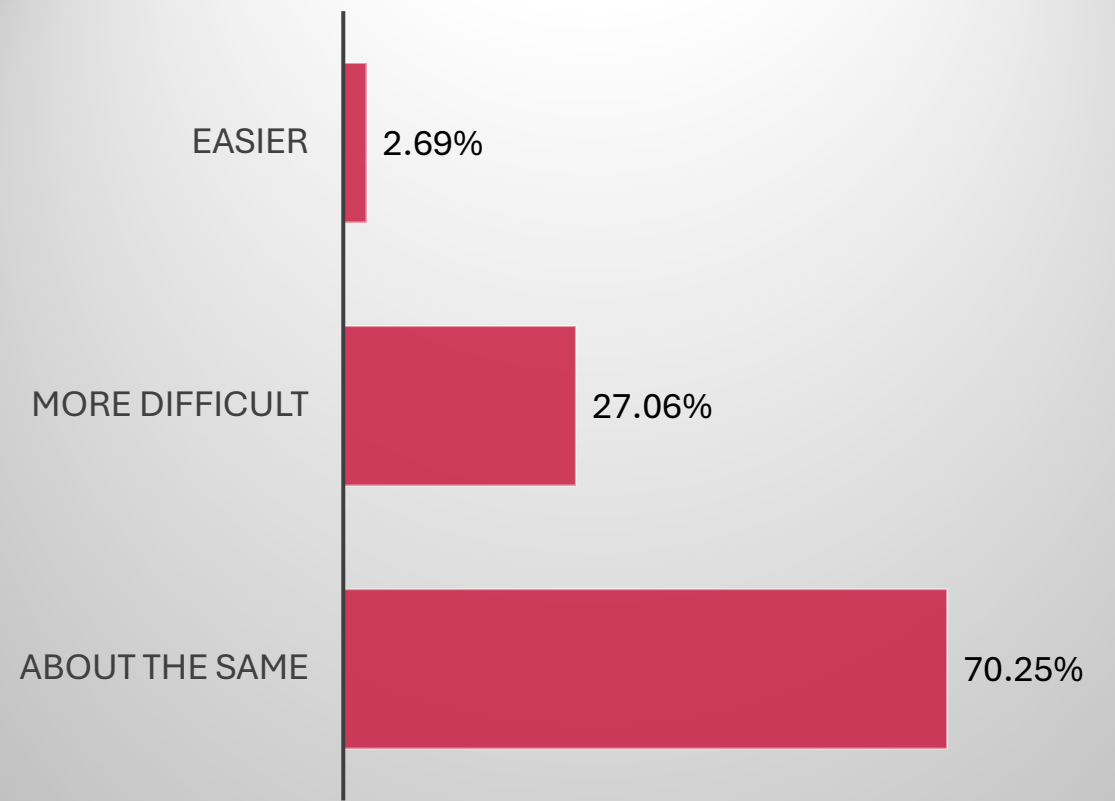
## APPROXIMATELY HOW MUCH **MONEY** DO YOU SPEND EACH YEAR ON THE ADMINISTRATION OF FEDERAL TAXES NOT INCLUDING YOUR OWED TAXES?



## HOW MUCH OF AN IMPACT WOULD YOU SAY FEDERAL TAXES HAVE ON THE DAY-TO-DAY OPERATION OF YOUR BUSINESS?



## COMPARED TO YOUR 2022 TAXES, WOULD YOU SAY THE ADMINISTRATION AND FILING OF TAXES FOR 2023 WAS...



The vast majority of small-business owners say federal taxes have some impact on the **day-to-day operations** of their businesses.

**1-in-3** say they have a **significant** impact.



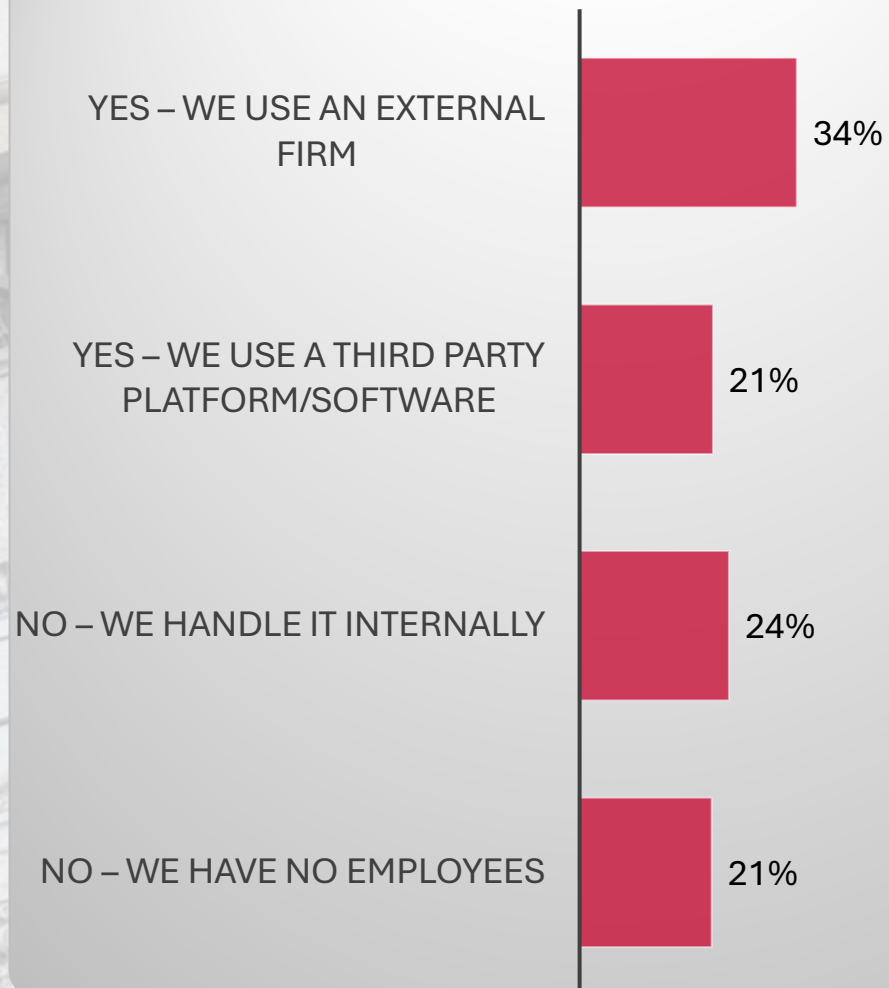


# **PAYROLL**

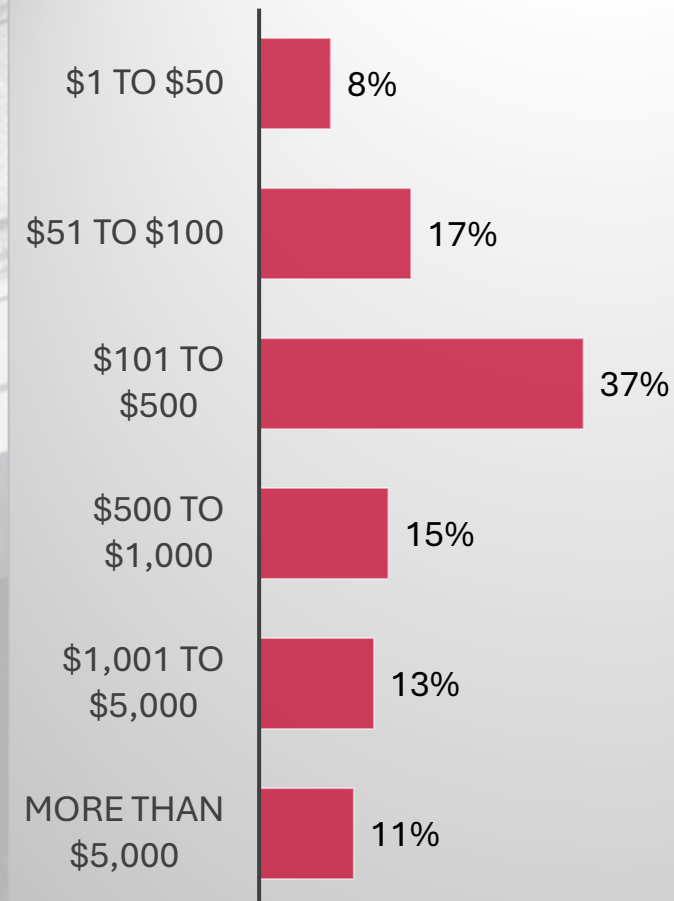
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## DOES YOUR COMPANY USE A PAYROLL SERVICE TO PREPARE YOUR PAYROLL?



## APPROXIMATELY HOW MUCH MONEY DOES YOUR COMPANY SPEND PER MONTH WITH THE PAYROLL COMPANY?



The vast majority of small-business owners spend more than \$100 per month on payroll services.

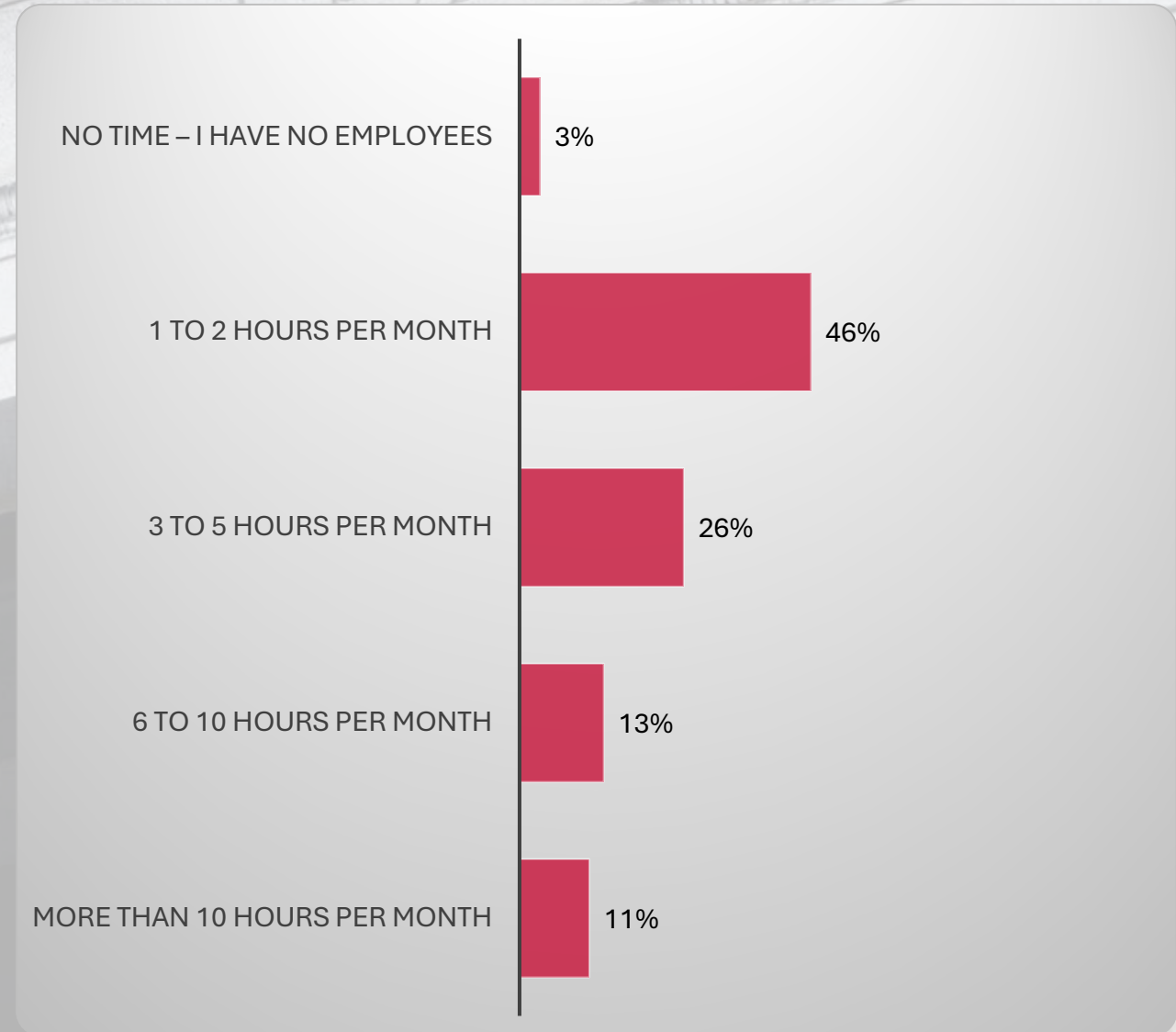
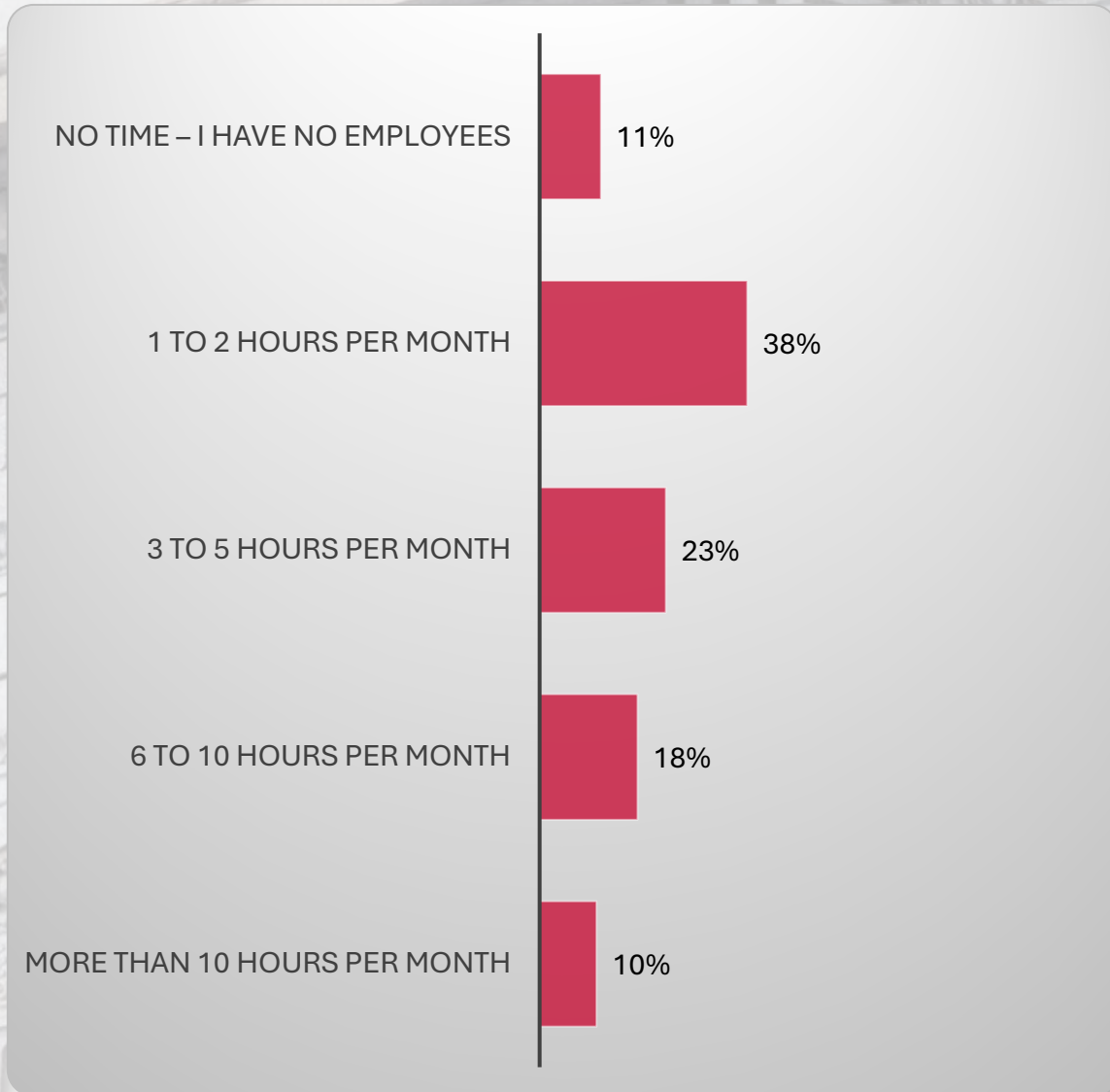
**1-in-5 small firms spend more than \$1,000 per month.**





**IF YOU HANDLE PAYROLL INTERNALLY, APPROXIMATELY HOW MUCH TIME DO YOU AND/OR YOUR STAFF SPEND ON THE ADMINISTRATION OF PAYROLL TAXES?**

**EVEN IF YOU PAY AN OUTSIDE PAYROLL COMPANY OR SOFTWARE/PLATFORM, PLEASE ESTIMATE THE AMOUNT OF TIME YOU AND/OR YOUR STAFF SPEND ON THE ADMINISTRATION OF PAYROLL TAXES?**

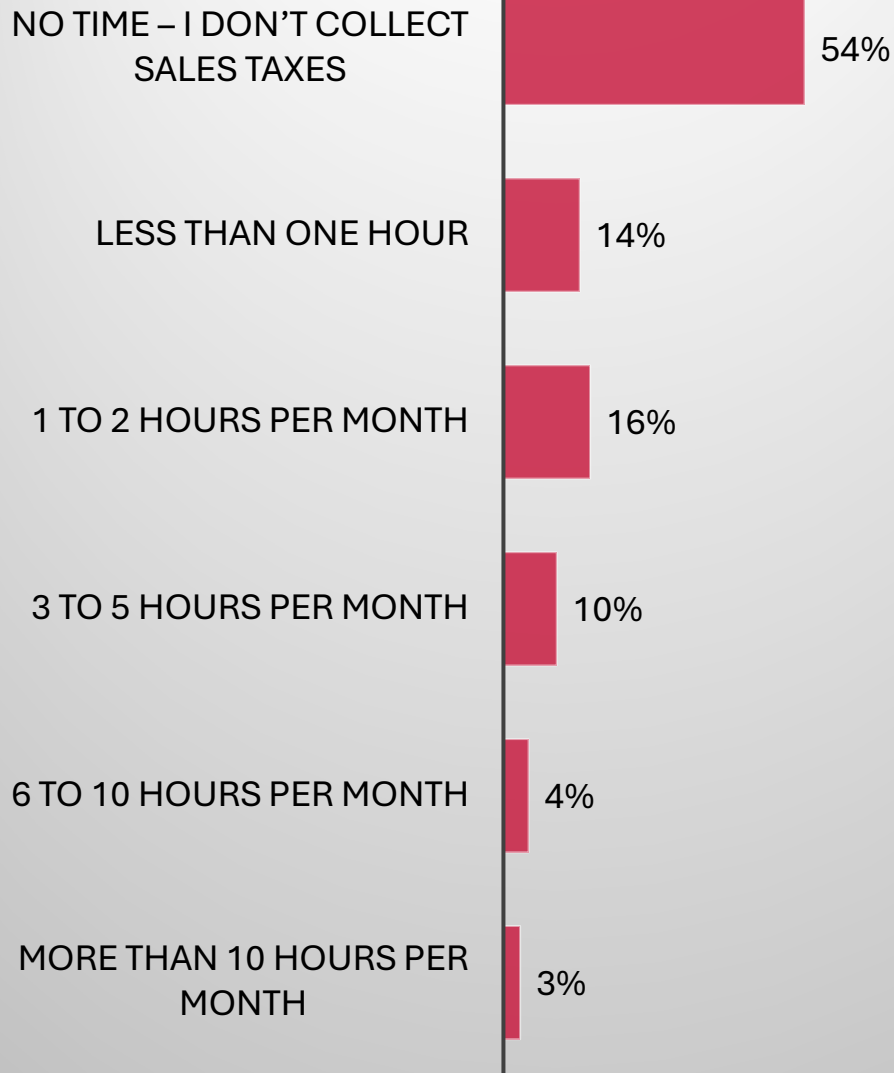




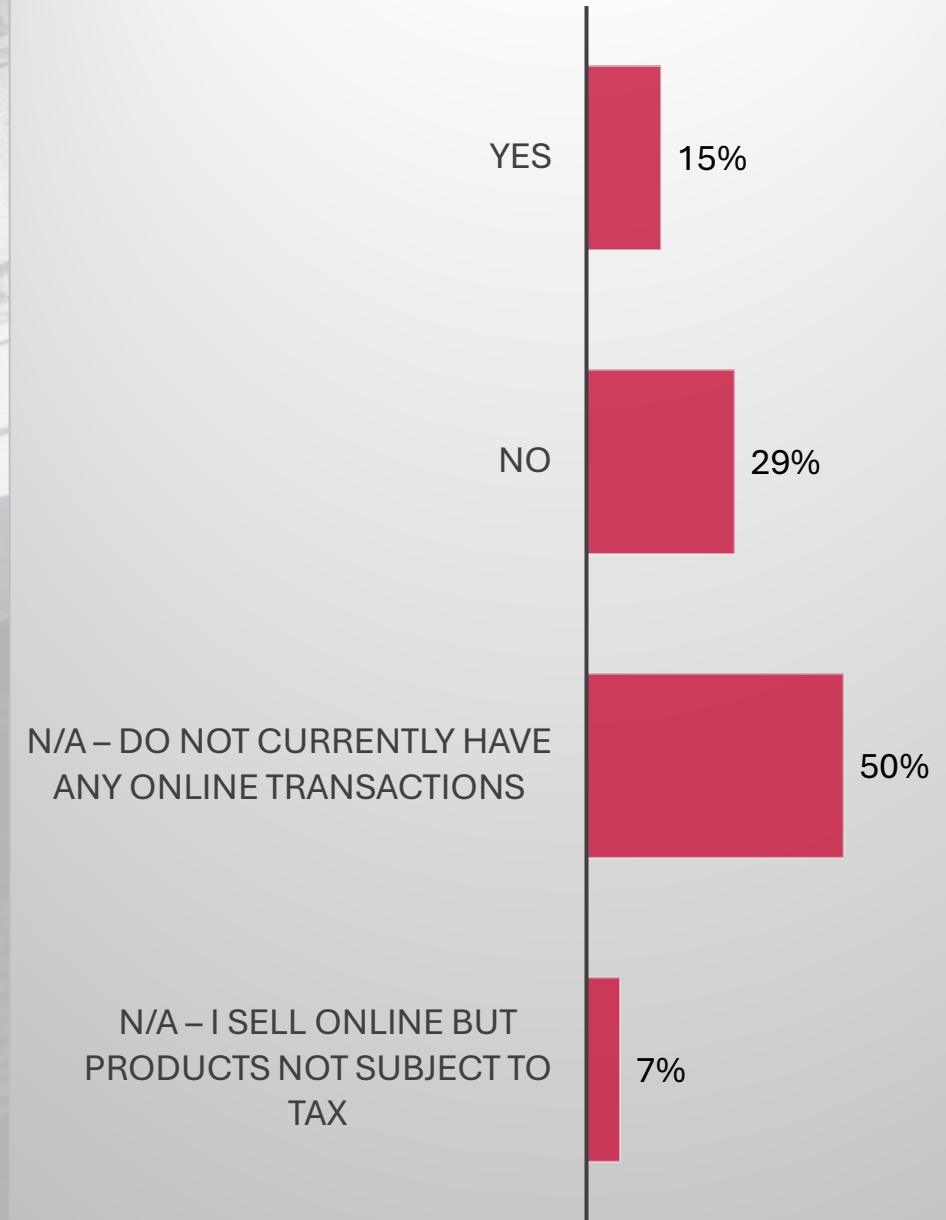
# **SALES TAXES**



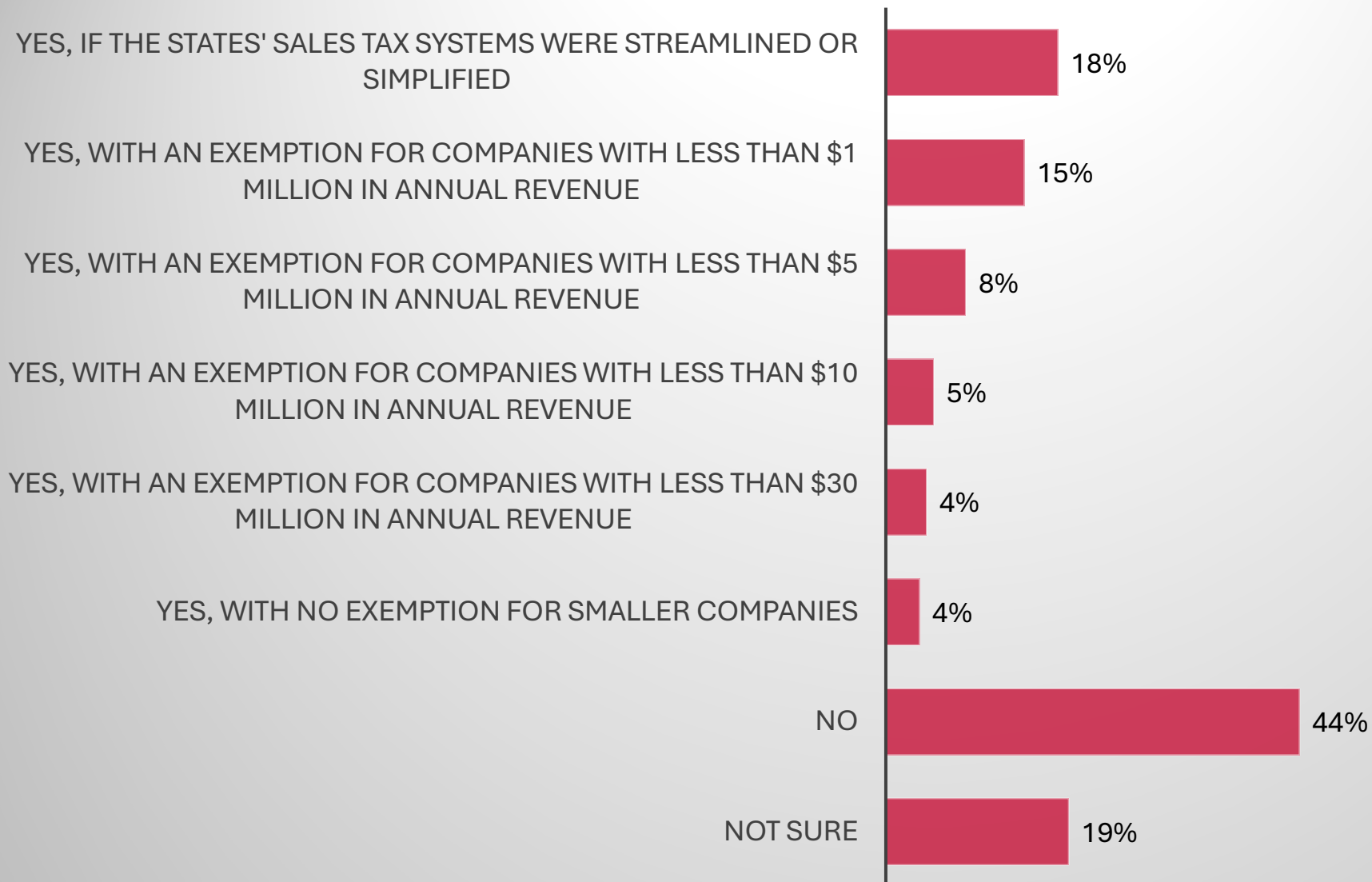
## APPROXIMATELY HOW MUCH TIME DOES YOUR COMPANY SPEND DEALING WITH SALES TAXES?



## DO YOU COLLECT SALES TAX ON TRANSACTIONS CONDUCTED ONLINE?



# WOULD YOU SUPPORT A REQUIREMENT THAT ALL COMPANIES BE SUBJECT TO STATE SALES TAXES, EVEN IF THAT COMPANY IS LOCATED IN A DIFFERENT STATE? (CHECK ALL THAT APPLY)



**PLEASE RANK THE MOST IMPORTANT SMALL-BUSINESS PROTECTION WHEN IT COMES TO PROPOSED ONLINE STREAMLINED SALES TAX REQUIREMENTS.**

- 1. Exemption for small firms under a certain gross receipts threshold**
2. Free, reliable and easy to implement software
3. Reduced administrative and paperwork burdens
4. Safe-harbor for inadvertent tax mistakes
5. One centralized collection office within states
6. One national collection office which remits taxes to states on behalf of the business



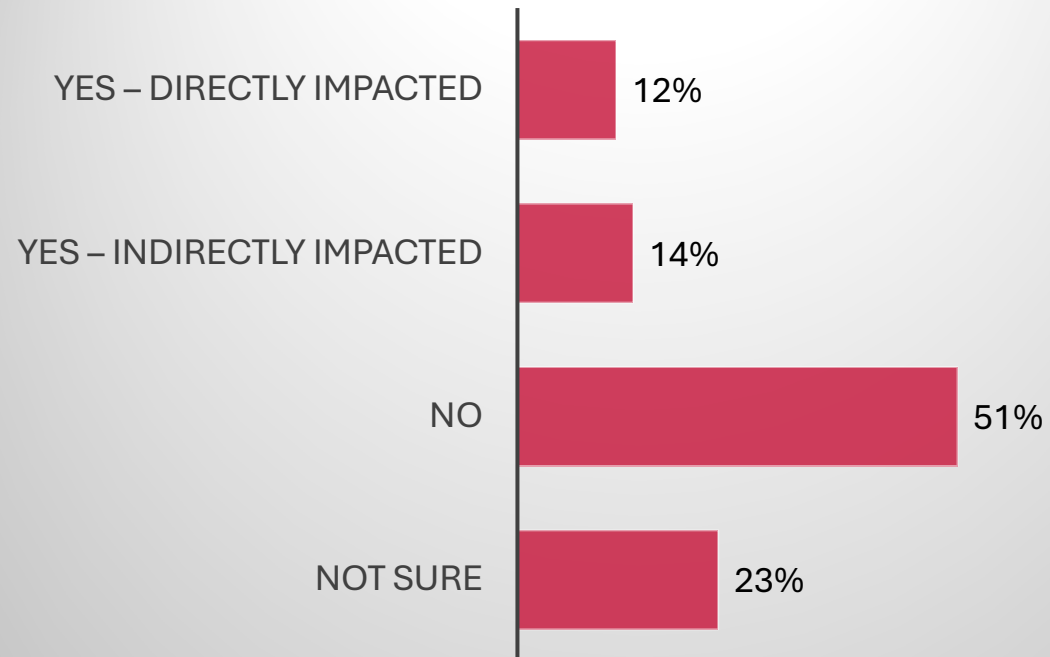


# TARIFFS

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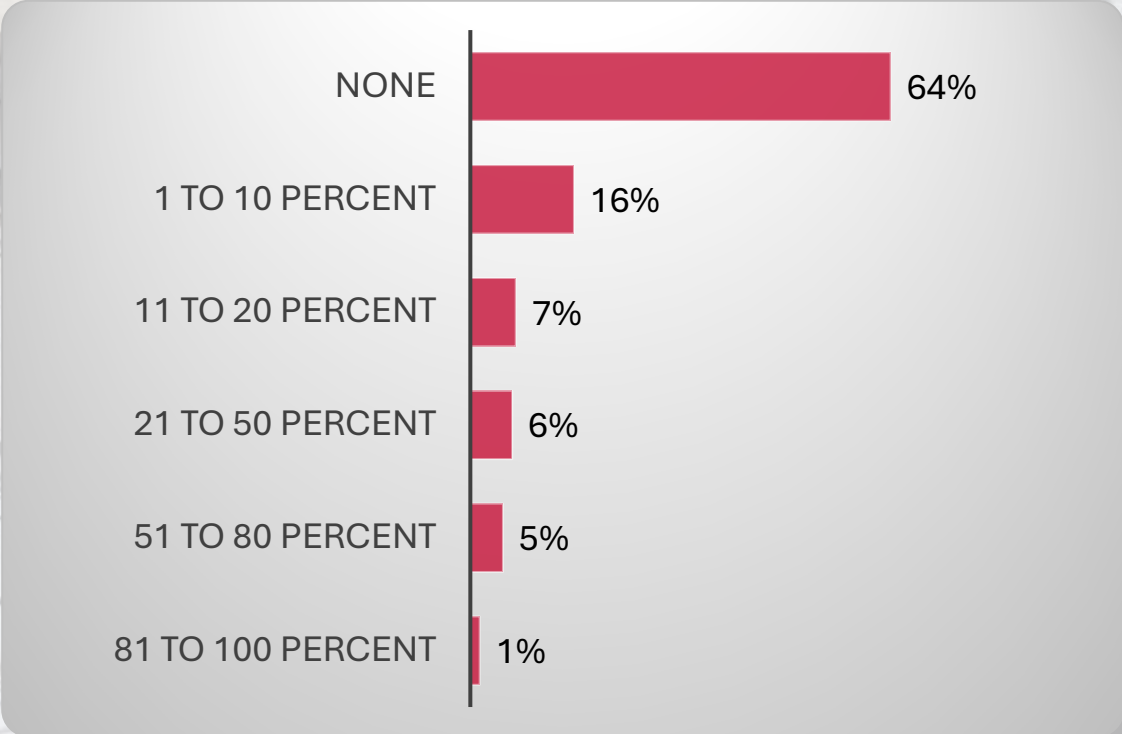


# HAS YOUR BUSINESS BEEN ADVERSELY IMPACTED BY ANY TARIFF HIKES ON CHINESE GOODS?

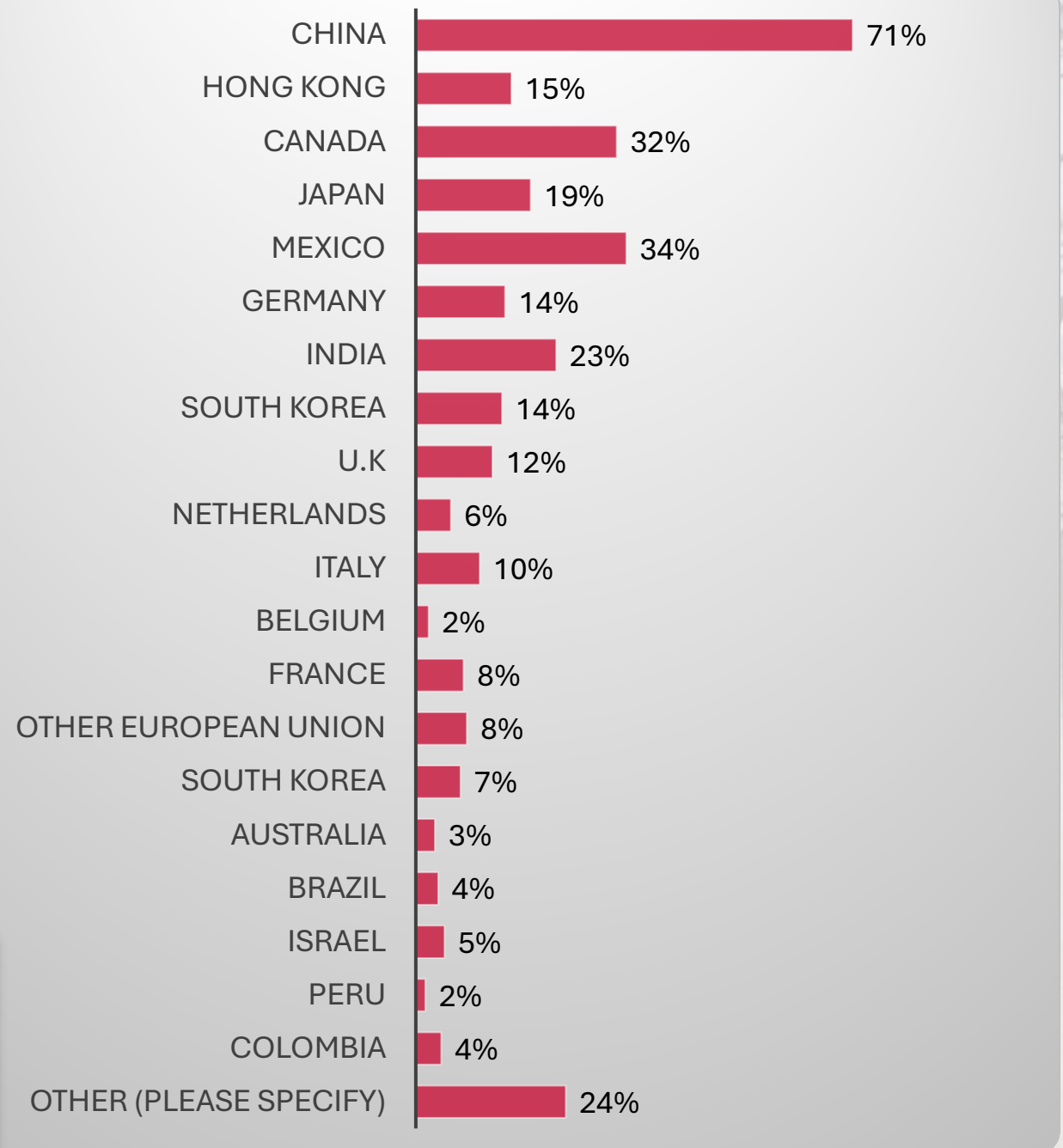


**PLEASE SELECT ALL COUNTRIES LISTED BELOW FROM WHICH YOU PURCHASE.**

**ESTIMATE THE PERCENTAGE OF GOODS YOU USE IN YOUR BUSINESS THAT YOU DIRECTLY OUTSOURCE FROM OUTSIDE THE U.S.**

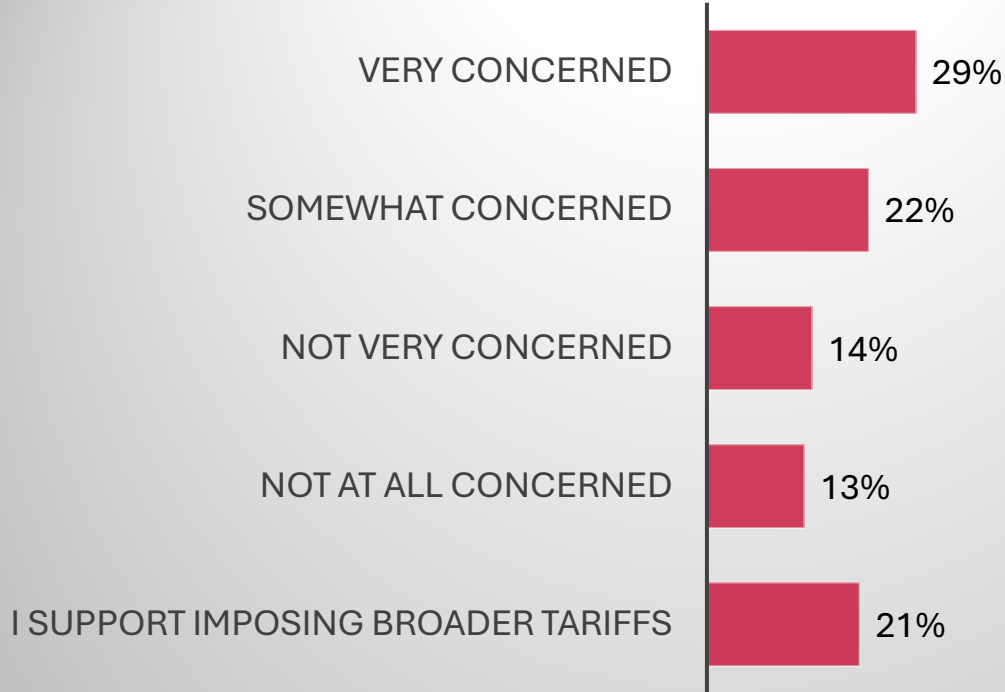


For those that indicated they directly outsource goods from outside the U.S., the **vast majority identified China** as a country they purchase from.





# AS A BUSINESS OWNER, HOW CONCERNED ARE YOU THAT THE TRUMP ADMINISTRATION WILL IMPOSE TARIFFS MORE BROADLY?



More than half of respondents said they were **concerned about increased tariffs** under the Trump administration.



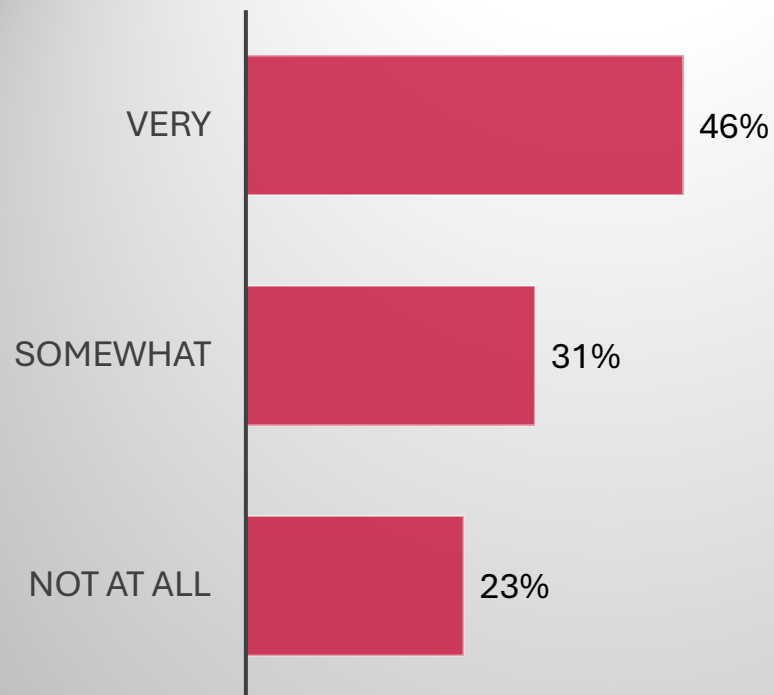


# **DEALING WITH THE IRS**

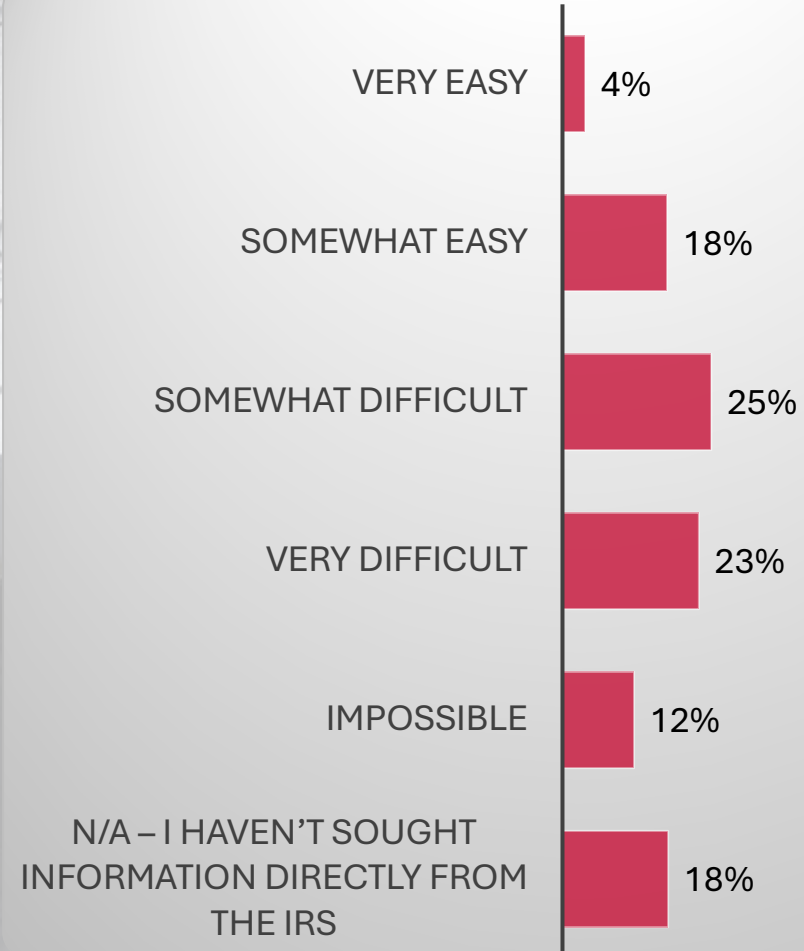
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## HOW CONCERNED ARE YOU ABOUT THE IRS' INCREASED BUDGET?



## HOW EASY HAS IT BEEN FOR YOU TO FIND NEEDED INFORMATION AND/OR ANSWERS DIRECTLY FROM THE IRS?

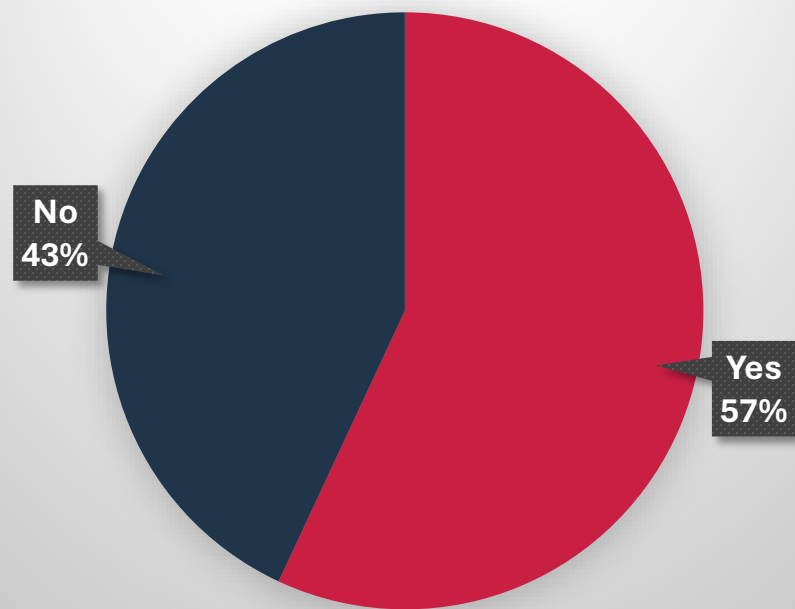


More than half of small-business owners say that finding needed information and/or answers directly from the IRS is difficult.

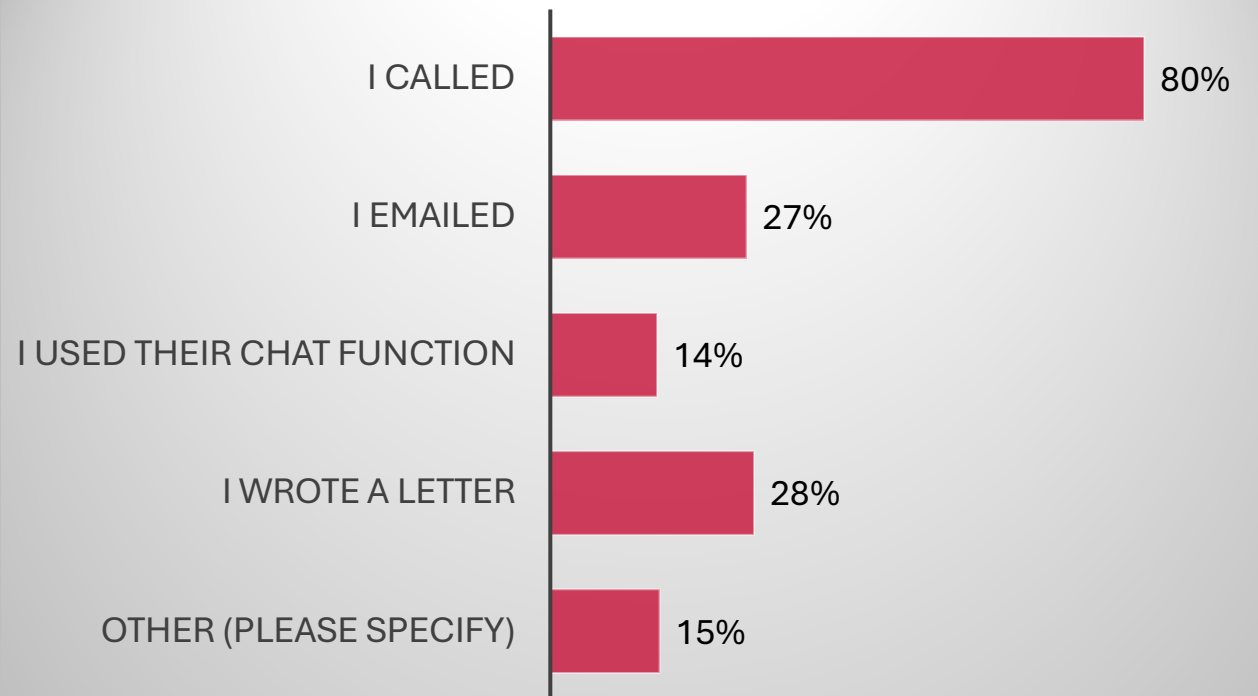
1-in-3 say it is very **difficult to impossible.**



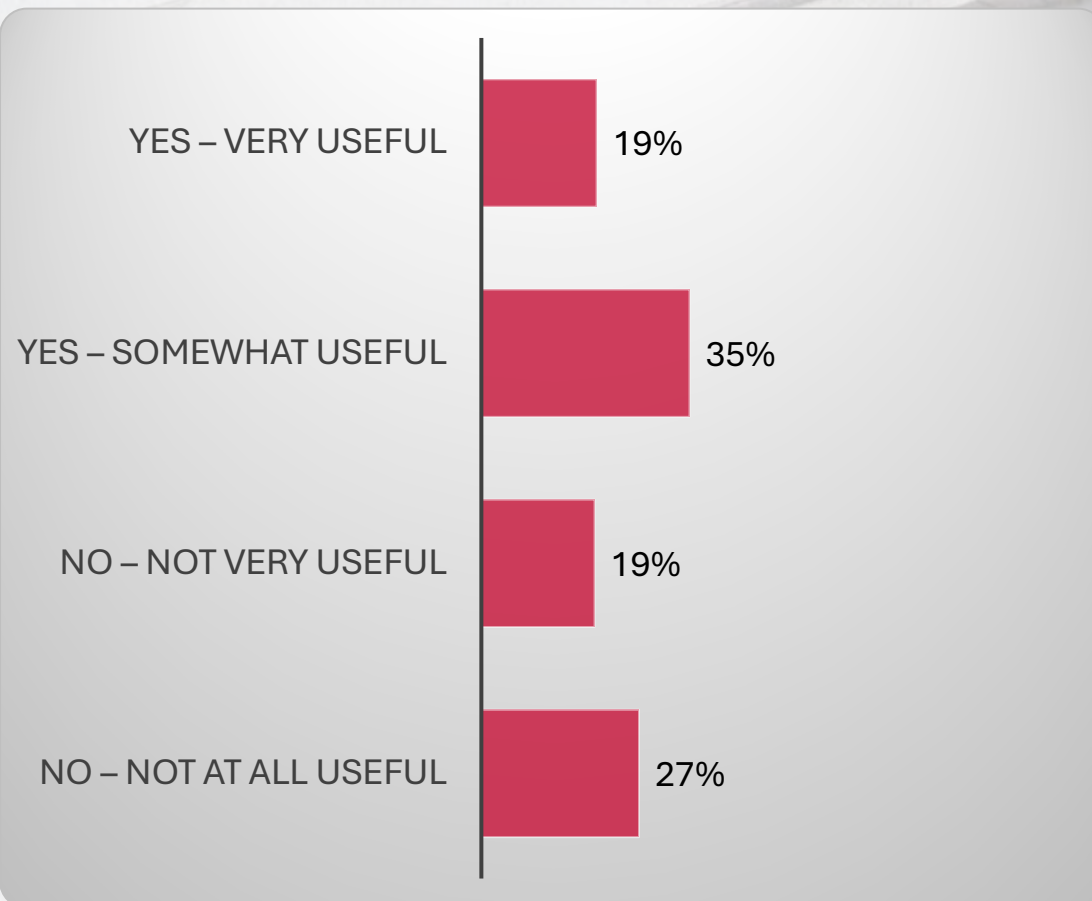
## HAVE YOU, OR SOMEONE IN YOUR BUSINESS REACHED OUT TO THE IRS IN THE PAST TWO YEARS FOR ASSISTANCE OR CLARIFICATION?



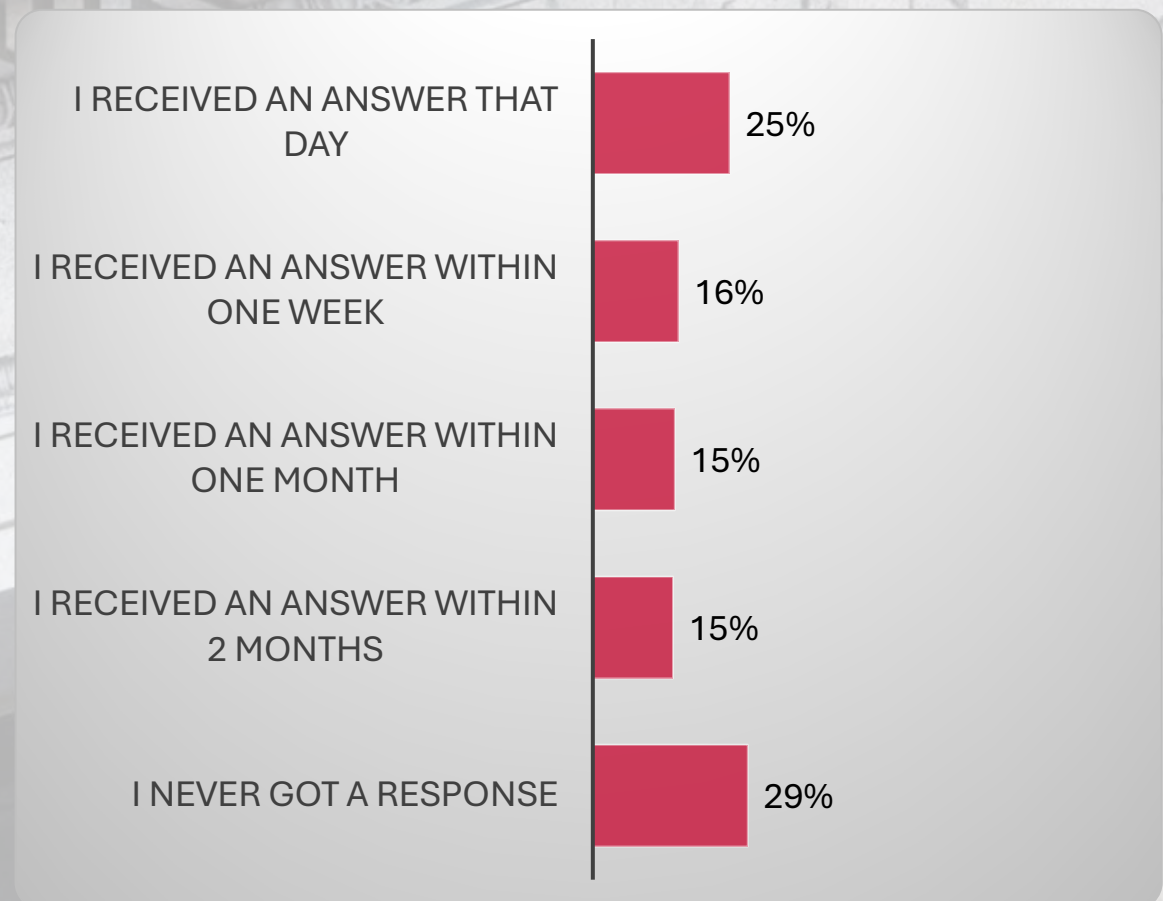
## HOW DID YOU REACH OUT TO THE IRS FOR HELP?



## WHAT WAS THE OUTCOME OF THAT OUTREACH?



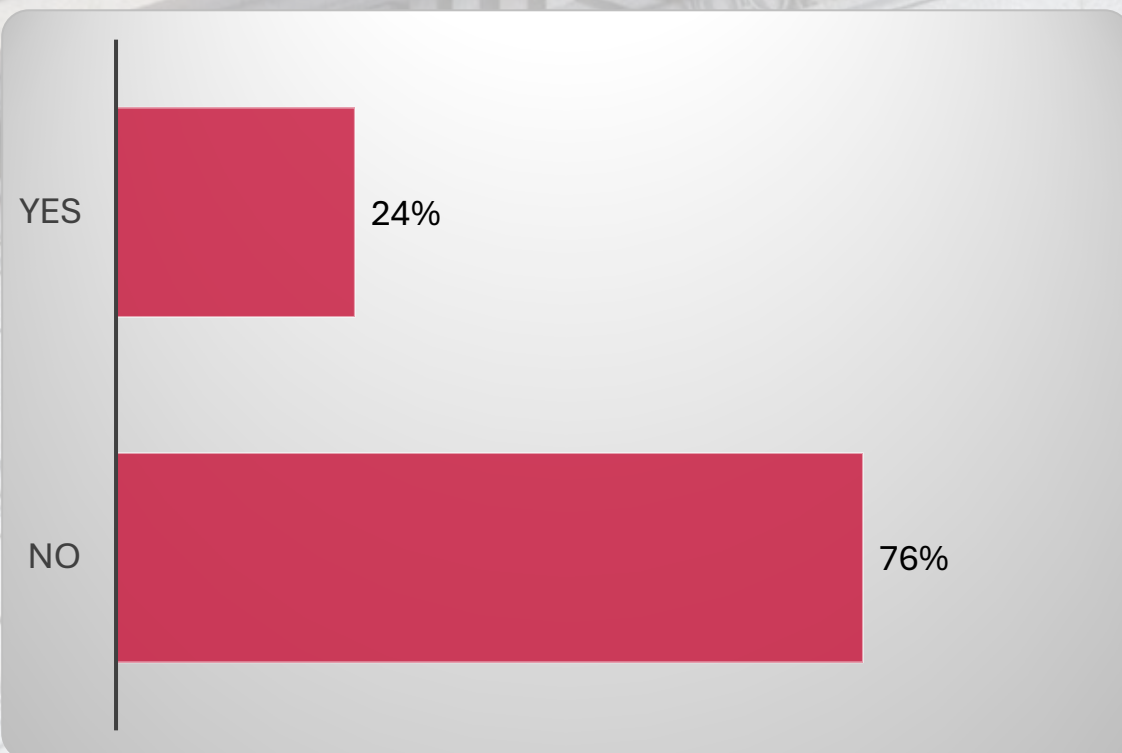
## WAS YOUR ISSUE RESOLVED IN A WAY THAT WAS USEFUL?



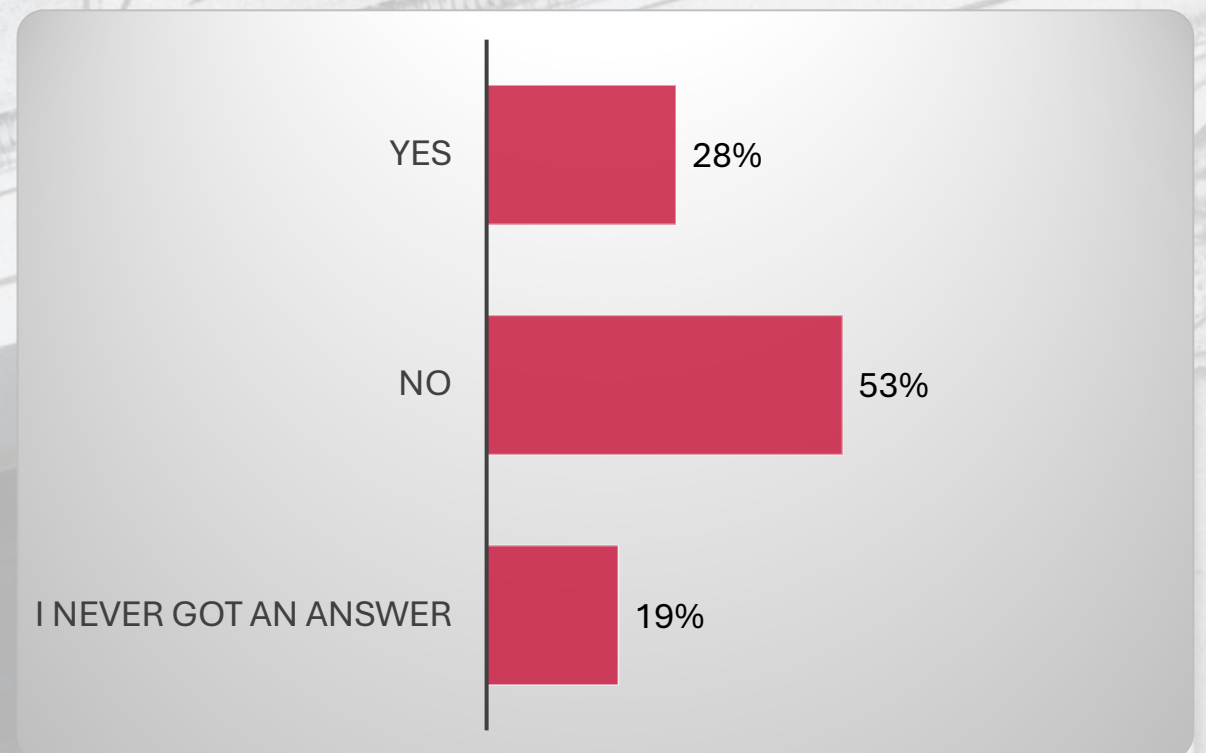
For those who have reached out to the IRS for assistance or clarification, more than half experienced a **significant delay** or never received a response.



**DID YOU GET ANY FOLLOW-UP REGARDING YOUR INQUIRY NOTIFYING YOU OF WHEN YOU'D GET AN ANSWER?**



**DID YOU RECEIVE DIFFERENT ANSWERS ON YOUR INQUIRY FROM DIFFERENT IRS REPRESENTATIVES?**



Almost half of small businesses reported that the IRS assistance they received **was not useful.**



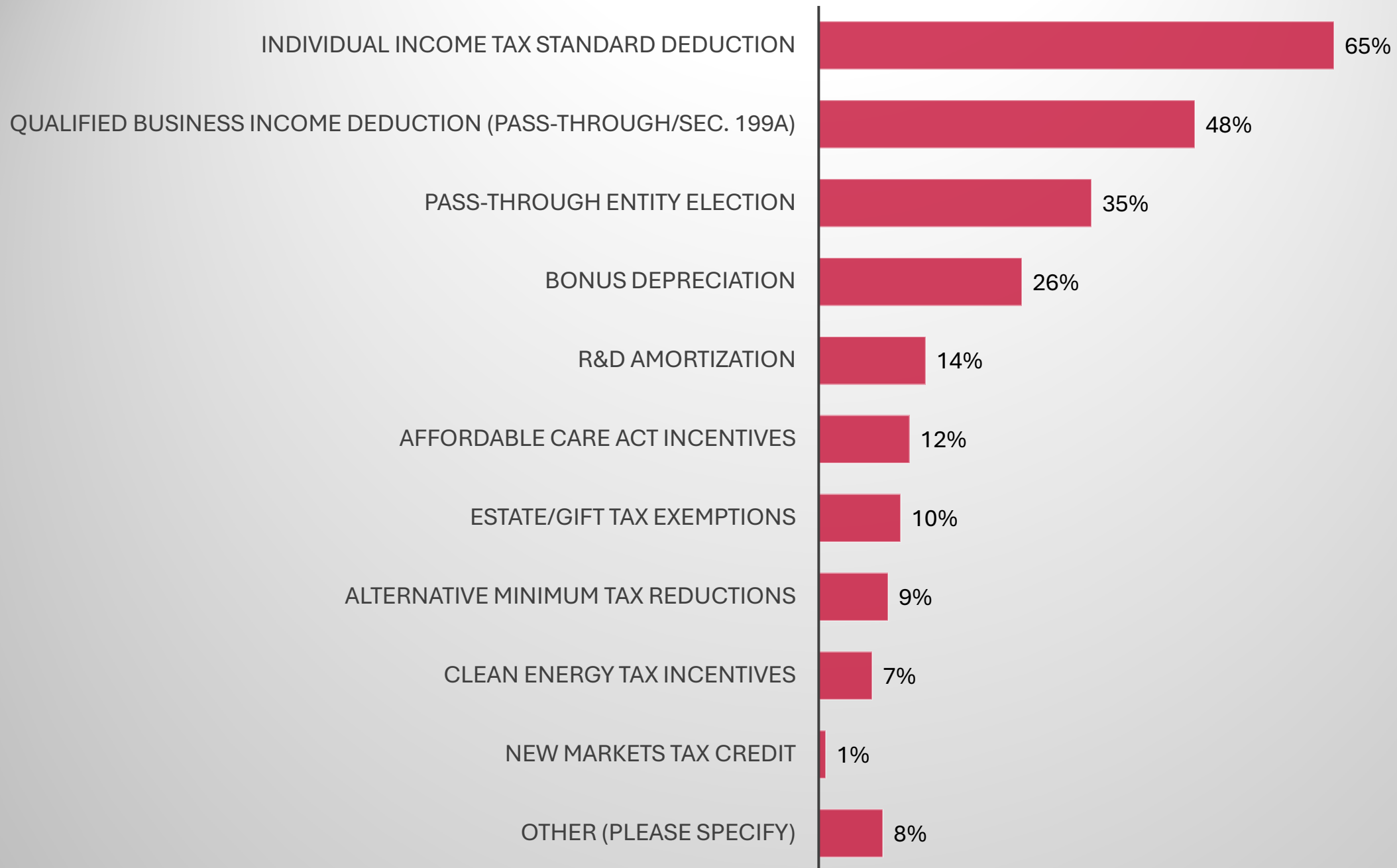


# **EXPIRING TAX CUTS**

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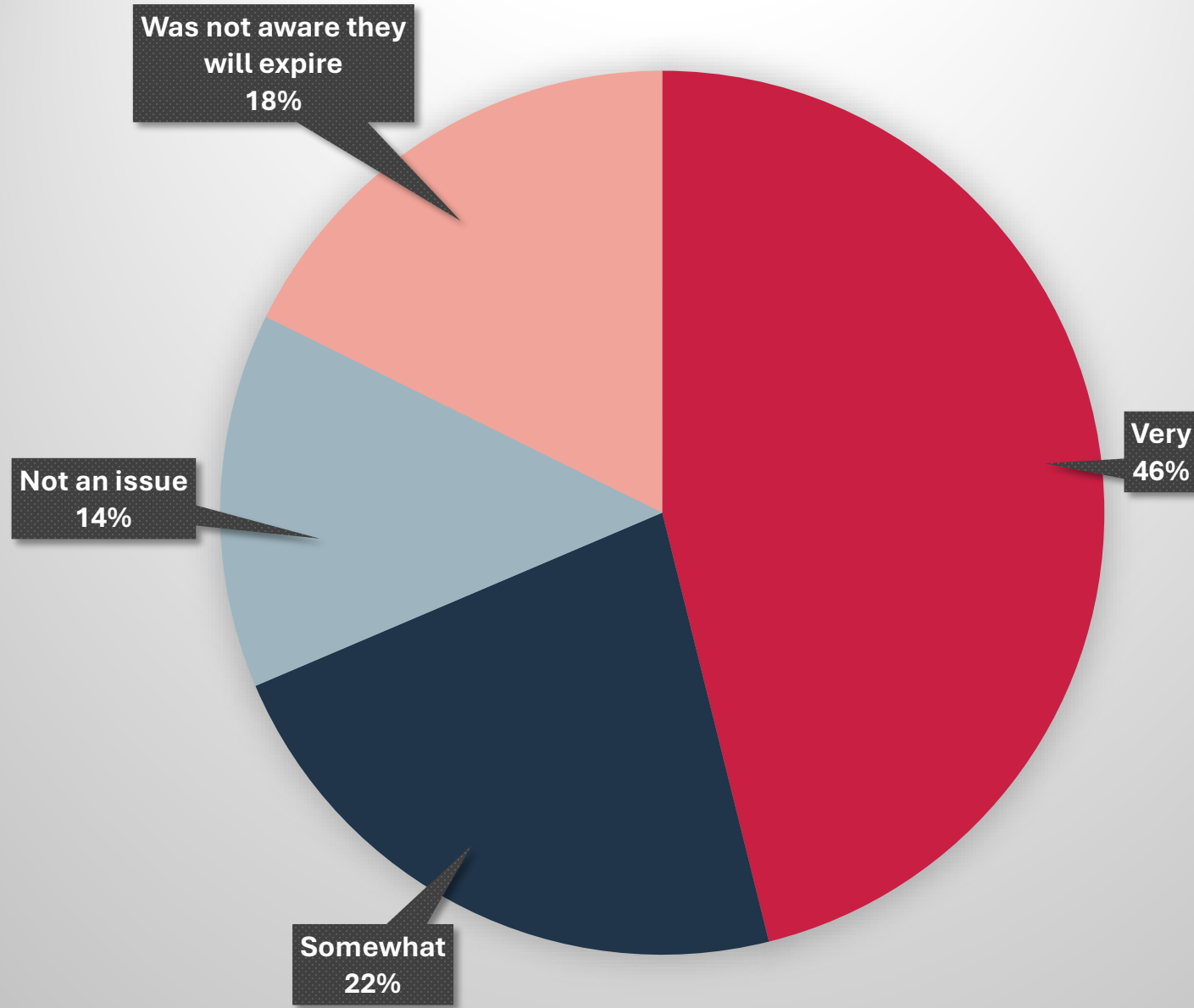


# WHICH OF THE FOLLOWING TAX INCENTIVES HAVE YOU TAKEN ADVANTAGE OF?





# HOW SIGNIFICANT AN ISSUE IS IT FOR YOUR BUSINESS THAT CERTAIN PASS-THROUGH CREDITS/DEDUCTIONS AND THE LOWER TAX RATES FOR PASS-THROUGHS (TCJA PROVISIONS) AND INDIVIDUALS WILL EXPIRE IN 2025?



For the overwhelming majority of small businesses, expiration of the TCJA tax cuts will be **a significant issue.**



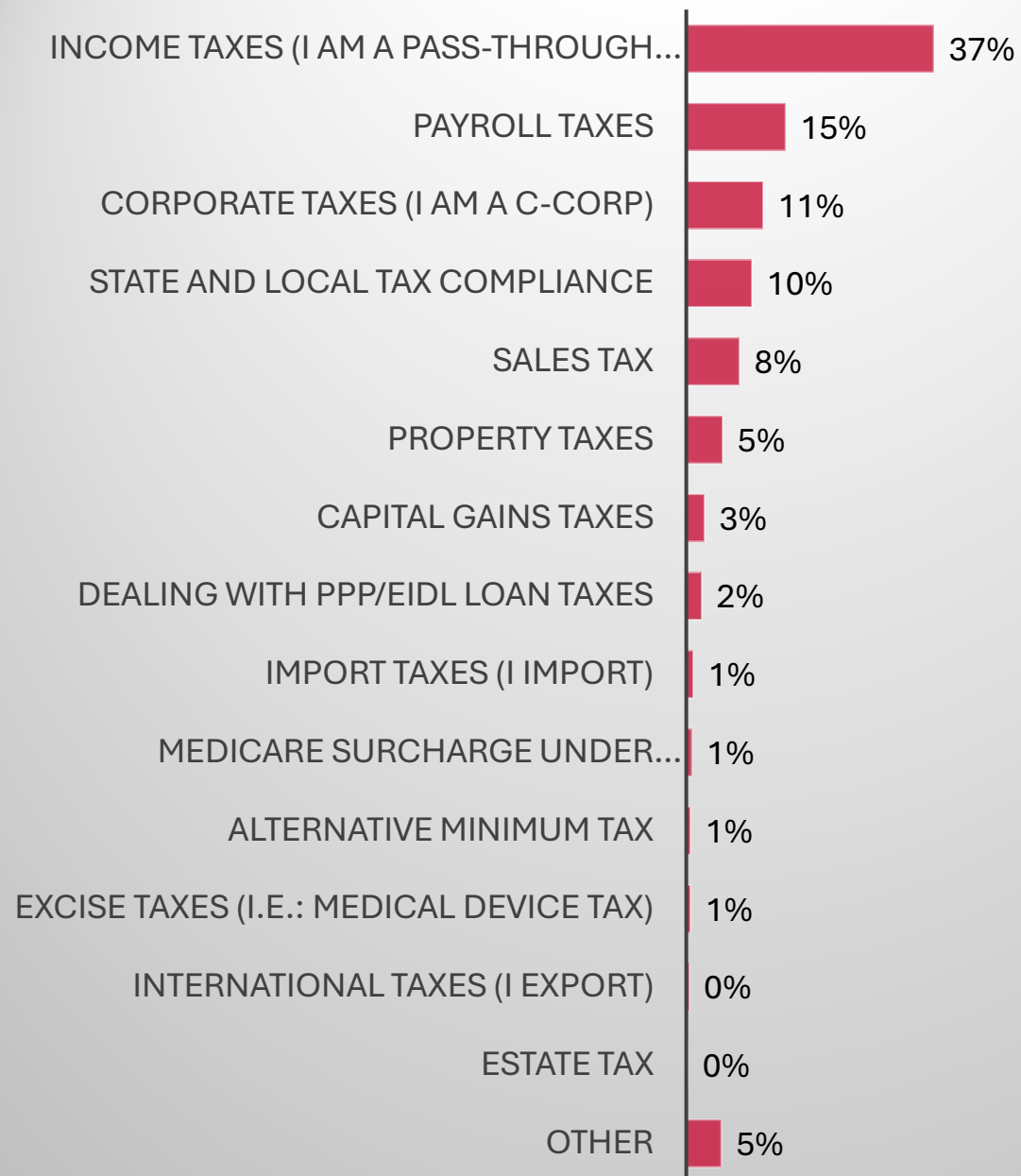


# **TAX BURDEN**

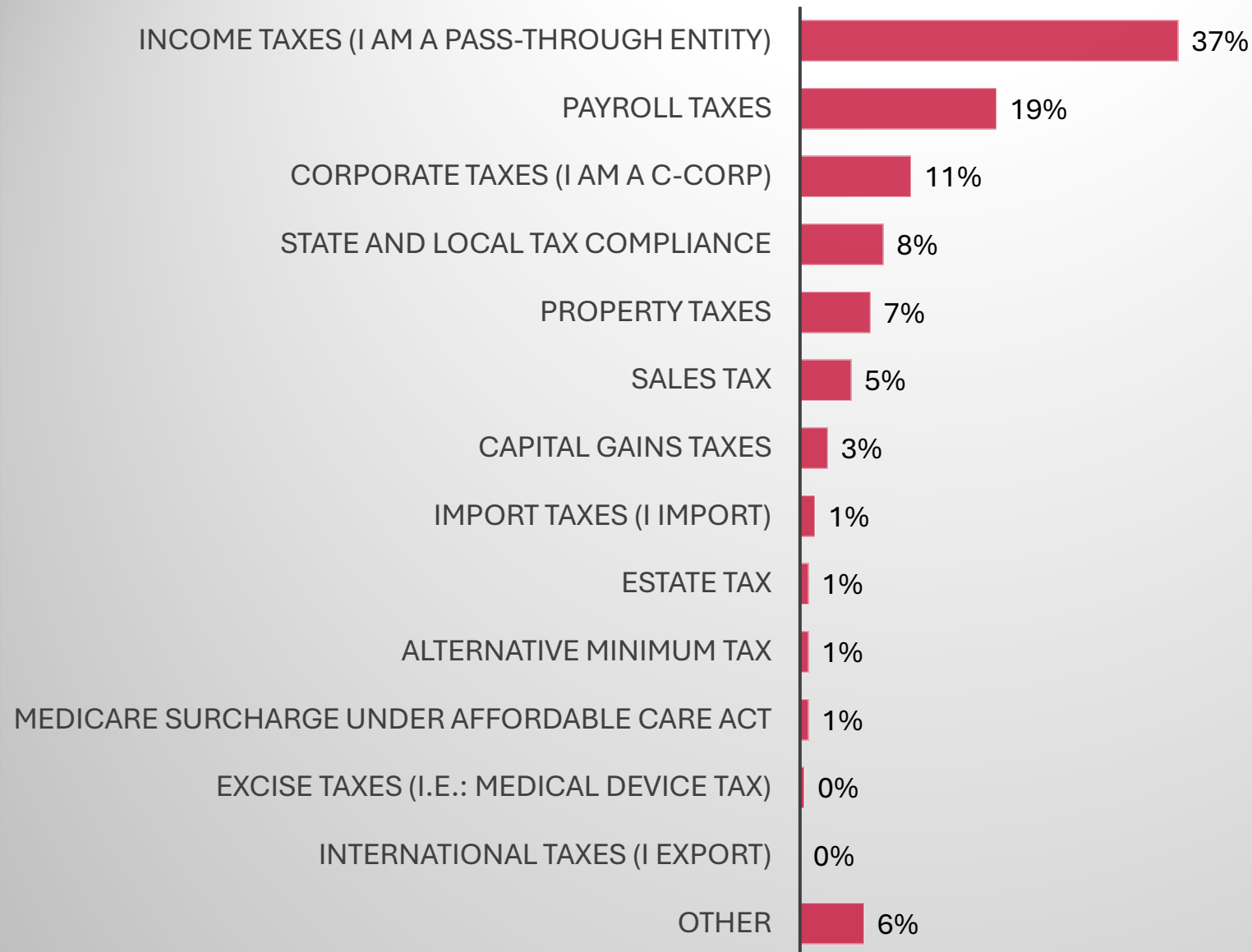
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# FOR TAX YEAR 2023, WHICH OF THE FOLLOWING TAXES WAS MOST BURDENSOME IN TERMS OF THEIR ADMINISTRATIVE BURDEN ON YOU AND YOUR BUSINESS?



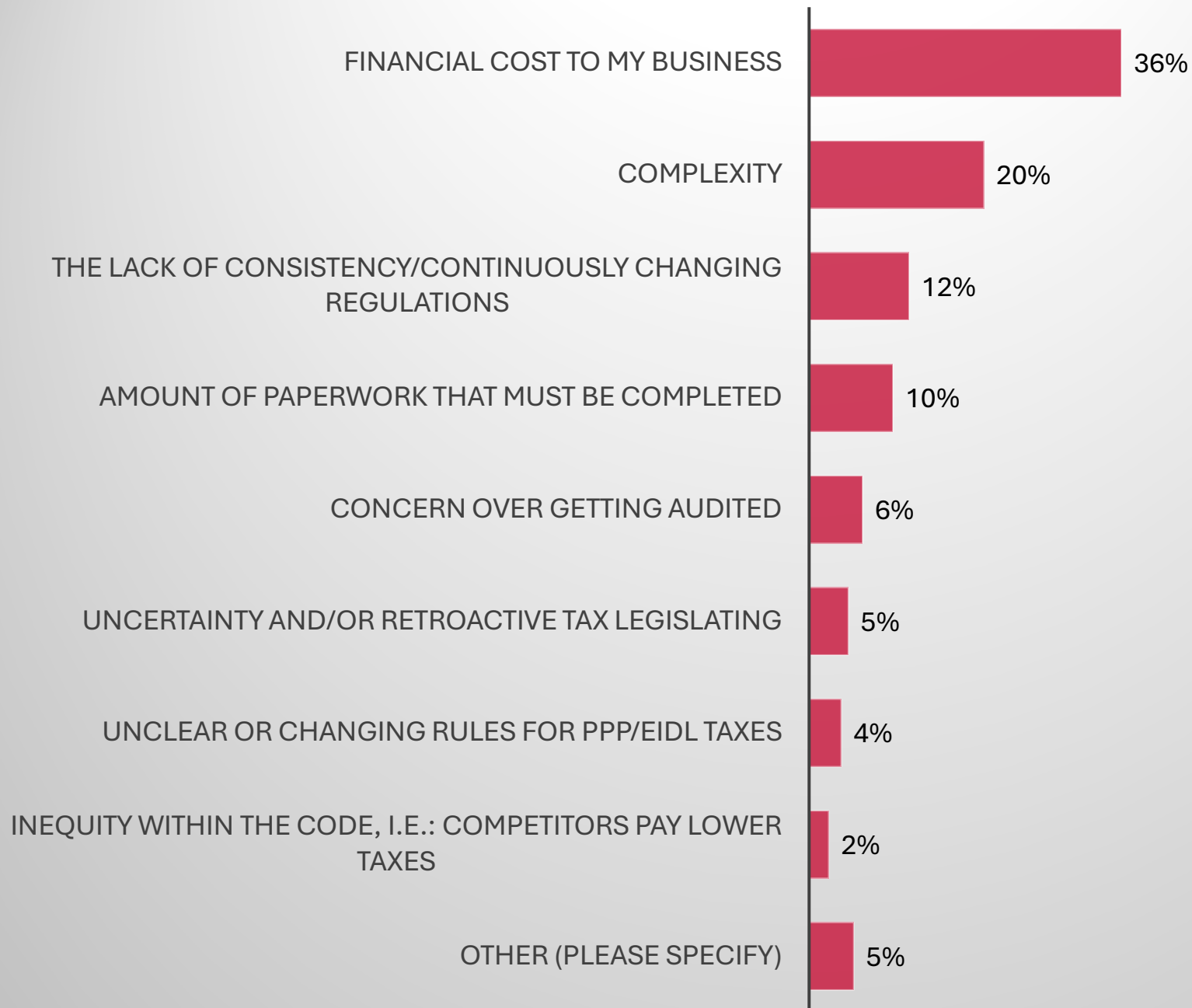
# FOR TAX YEAR 2023, WHICH OF THE FOLLOWING TAXES WAS MOST BURDENSOME IN TERMS OF THEIR **FINANCIAL BURDEN** ON YOU AND YOUR BUSINESS?



83% of small businesses are pass-throughs, meaning any changes or issues with **income tax rules** hit small businesses disproportionately.



# FOR TAX YEAR 2023, WHAT WAS THE LARGEST BURDEN POSED TO YOUR BUSINESS BY THE FEDERAL TAX CODE:



By far, the **largest burden** facing small businesses when it comes to federal taxes: **administration & complexity, NOT the financial cost.**

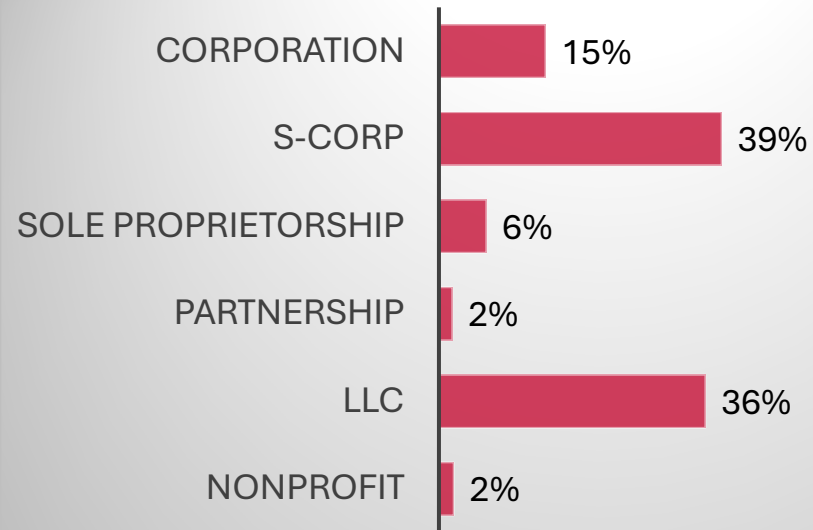




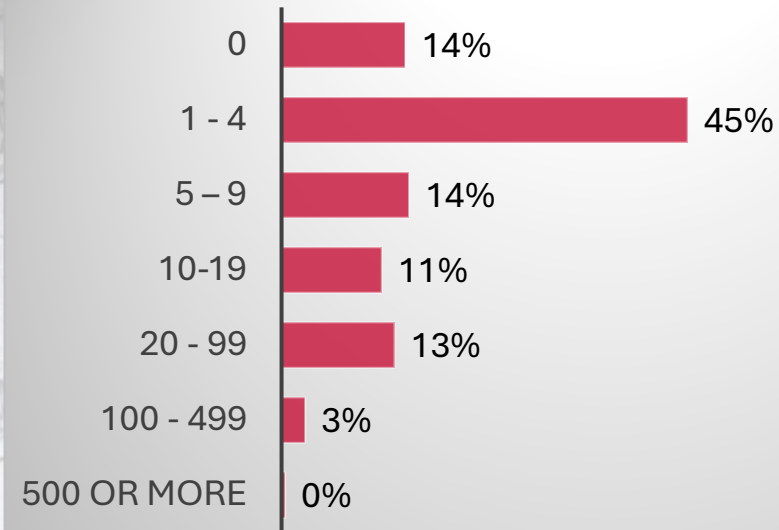
# DEMOGRAPHICS



## WHICH OF THE FOLLOWING BEST DESCRIBES THE STRUCTURE OF YOUR BUSINESS?



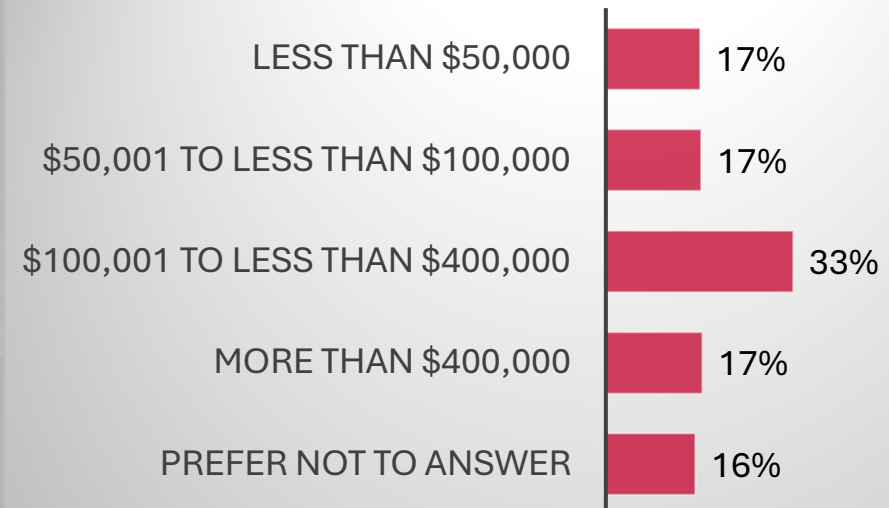
## HOW MANY TOTAL FULL-TIME PERSONNEL ARE CURRENTLY EMPLOYED BY YOUR BUSINESS?



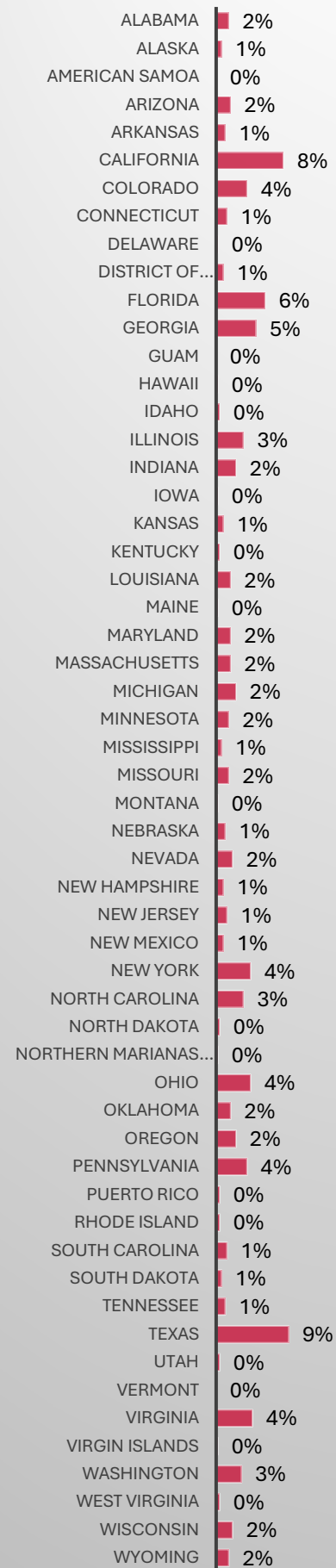
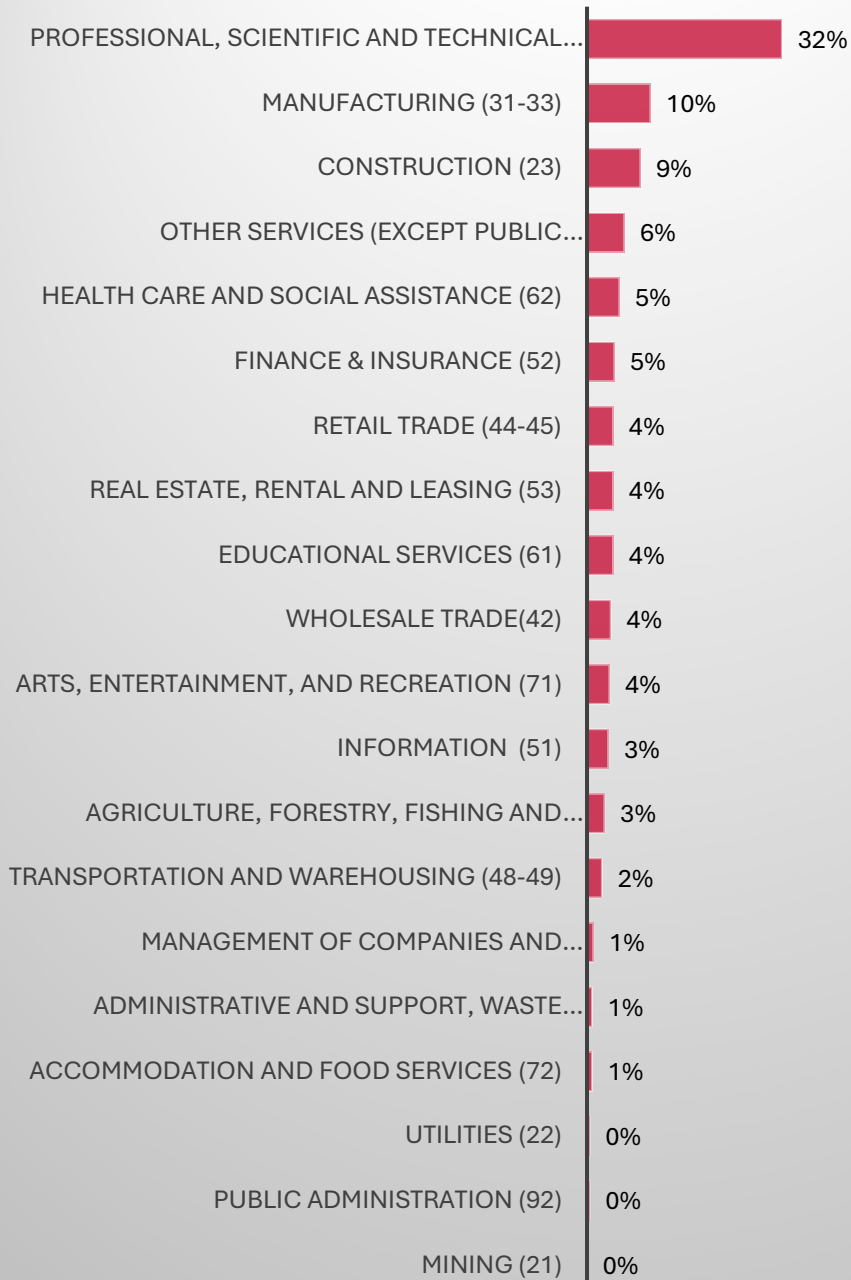
## WHAT WERE YOUR GROSS SALES OR REVENUES FOR YOUR MOST RECENT FISCAL YEAR?



## WHAT WAS YOUR TAXABLE INCOME FOR 2022?



# WHICH OF THE FOLLOWING BEST DESCRIBES THE INDUSTRY OR SECTOR IN WHICH YOUR BUSINESS OPERATES?



# IN WHAT STATE OR U.S. TERRITORY IS YOUR COMPANY CURRENTLY HEADQUARTERED?





# METHODOLOGY

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This survey was conducted online among 625 small-business owners across the country between Dec. 9 and Jan. 27.

