



Make the Tax Cuts and Jobs Act Permanent

Background:

NECA supported passage of 2017 the Tax Cuts and Jobs Act, the first time the tax code had a massive overhaul in 31 years. This legislation greatly benefits NECA contractors nationwide as it includes multiple provisions that simplified the tax code and keeps NECA contractors competitive. Most of these provisions are set to expire at the end of 2025.

Key Points:

- *Make the 199A Pass-Through Deduction Permanent.* Congress must pass permanent legislation for the 20 percent deduction for certain qualified business income received from pass-through entities such as partnerships or businesses operating under a Subchapter S election. Under current law, the 20 percent tax deduction will sunset at the end of 2025.
- *Repeal the Estate Tax.* Under the Tax Cuts and Job Act, the Estate Tax and Generation-Skipping Transfer Tax exemptions doubled. Without Congressional action, the exemptions will revert to their previous levels, indexed for inflation, in 2026. Construction companies are frequently family-owned, and the death tax burden hits them particularly hard. This onerous tax is essentially a penalty that families must pay to the government just to keep their family business. In many cases, the federal estate tax rate is such a burden that families are often forced to sell their small construction companies to pay this tax. Studies indicate that the average family business spends a minimum of \$20,000 in legal fees, \$12,000 for accounting, and an additional \$11,200 for other advisors preparing for death tax planning.
- *Repeal the Alternative Minimum Tax.* This burdensome tax, which was created to ensure that the wealthiest taxpayers pay a minimum amount of taxes on their economic income, has expanded to include the unintended lower and middle-income taxpayers. While Congress provided permanent AMT relief when it passed the American Taxpayer Relief Act, the AMT remains one of the most complicated and onerous provisions in the tax code. Congress should fully repeal the individual and corporate AMT.
- *Reinstating 100 Percent Bonus Depreciation.* Since 2017, businesses have benefited from 100 percent bonus depreciation on qualified assets. Since January 1, 2023, the bonus depreciation has reduced to 80 percent and will continue to reduce over the next five years. This provision allows small businesses to invest in tools necessary to conduct business and should be reinstated to the full 100 percent.

NECA Asks:

- Congress must act to make the Tax Cuts and Jobs Act permanent before the end of 2025.