

119TH CONGRESS
1ST SESSION

S. 3459

To amend the Internal Revenue Code of 1986 to provide a payroll tax deduction for certain small businesses, and for other purposes.

IN THE SENATE OF THE UNITED STATES

DECEMBER 11, 2025

Mr. OSSOFF (for himself and Mrs. HYDE-SMITH) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a payroll tax deduction for certain small businesses, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Support Small Busi-
5 ness Growth Act of 2025”.

6 **SEC. 2. PAYROLL TAX DEDUCTION FOR SMALL BUSI-**
7 **NESSES.**

8 (a) IN GENERAL.—Part VI of subchapter B of chap-
9 ter 1 of the Internal Revenue Code of 1986 is amended
10 by inserting after section 176 the following new section:

1 **“SEC. 177. PAYROLL DEDUCTION FOR QUALIFIED SMALL**
 2 **BUSINESSES.**

3 “(a) IN GENERAL.—In the case of a qualified small
 4 business, in addition to the deduction allowed by section
 5 162(a)(1), there shall be allowed as a deduction an
 6 amount equal to the sum of the applicable amounts deter-
 7 mined under subsection (b)(2) with respect to each full-
 8 time employee of the employer which has been designated
 9 by such employer pursuant to subsection (b)(1).

10 “(b) LIMITATIONS; APPLICABLE AMOUNT.—

11 “(1) DESIGNATION OF EMPLOYEES.—

12 “(A) IN GENERAL.—For purposes of sub-
 13 section (a), with respect to any taxable year,
 14 the full-time employees designated by the em-
 15 ployer (at such time and in such manner as the
 16 Secretary may provide) shall—

17 “(i) not exceed the applicable max-
 18 imum number of employees,

19 “(ii) only include those full-time em-
 20 ployees with the lowest wages paid during
 21 such taxable year relative to all other full-
 22 time employees of such employer, and

23 “(iii) not include any highly com-
 24 pensated employee.

25 “(B) APPLICABLE MAXIMUM NUMBER.—

26 For purposes of subparagraph (A), the applica-

1 ble maximum number with respect to any quali-
2 fied small business is—

3 “(i) 10, in the case of a taxable year
4 beginning in 2026, 2027, 2028, 2029, or
5 2030,

6 “(ii) 8, in the case of a taxable year
7 beginning in 2031,

8 “(iii) 6, in the case of a taxable year
9 beginning in 2032,

10 “(iv) 4, in the case of a taxable year
11 beginning in 2033, and

12 “(v) zero thereafter.

13 “(2) APPLICABLE AMOUNT.—

14 “(A) IN GENERAL.—For purposes of sub-
15 section (a), with respect to each full-time em-
16 ployee designated pursuant to paragraph (1),
17 the applicable amount shall be an amount equal
18 to the lesser of—

19 “(i) the applicable wage limitation, or

20 “(ii) 12 percent of the wages paid to
21 such employee during the taxable year.

22 “(B) APPLICABLE WAGE LIMITATION.—

23 For purposes of subparagraph (A), the applica-
24 ble wage limitation is—

1 “(i) \$8,000, with respect to the num-
2 ber of full-time employees designated pur-
3 suant to paragraph (1) which is equal to—

4 “(I) the applicable maximum
5 number with respect to the qualified
6 small business for the taxable year,
7 reduced by

8 “(II) 2,

9 “(ii) \$6,000, with respect to 1 addi-
10 tional such employee, if applicable, and

11 “(iii) \$4,000, with respect to 1 addi-
12 tional such employee, if applicable.

13 “(c) QUALIFIED SMALL BUSINESS.—For purposes of
14 this section, the term ‘qualified small business’ means,
15 with respect to a taxable year, a small business concern
16 (as defined under section 3 of the Small Business Act)
17 which—

18 “(1) as of the last date of such taxable year—

19 “(A) has not more than 15 full-time em-
20 ployees, and

21 “(B) meets the gross receipts test of sec-
22 tion 448(c), and

23 “(2) certifies to the Secretary, at such time and
24 in such manner as the Secretary shall prescribe, that

1 such concern meets the requirements of this sub-
2 section for the taxable year.

3 “(d) DEFINITIONS.—For purposes of this section—

4 “(1) FULL-TIME EMPLOYEE.—The term ‘full-
5 time employee’ has the meaning given such term by
6 section 4980H(c)(4).

7 “(2) HIGHLY COMPENSATED EMPLOYEE.—The
8 term ‘highly compensated employee’ has the mean-
9 ing given such term by section 414(q).

10 “(e) TERMINATION.—This section shall not apply to
11 taxable years beginning after December 31, 2033.”.

12 (b) CLERICAL AMENDMENT.—The table of sections
13 for part VI of subchapter B of chapter 1 of the Internal
14 Revenue Code of 1986 is amended by inserting after the
15 item relating to section 176 the following new item:

“Sec. 177. Payroll deduction for qualified small businesses.”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2025.

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