

119TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

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

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IN THE SENATE OF THE UNITED STATES

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

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**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”.

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

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

6 **“SEC. 177. PAYROLL DEDUCTION FOR QUALIFIED SMALL**  
7 **BUSINESSES.**

8 “(a) IN GENERAL.—In the case of a qualified small  
9 business, in addition to the deduction allowed by section  
10 162(a)(1), there shall be allowed as a deduction an  
11 amount equal to the sum of the applicable amounts deter-  
12 mined under subsection (b)(2) with respect to each full-  
13 time employee of the employer which has been designated  
14 by such employer pursuant to subsection (b)(1).

15 “(b) LIMITATIONS; APPLICABLE AMOUNT.—

16 “(1) DESIGNATION OF EMPLOYEES.—

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

22 “(i) not exceed the applicable max-  
23 imum number of employees,

24 “(ii) only include those full-time em-  
25 ployees with the lowest wages paid during

1           such taxable year relative to all other full-  
2           time employees of such employer, and

3           “(iii) not include any highly com-  
4           pensated employee.

5           “(B) APPLICABLE MAXIMUM NUMBER.—

6           For purposes of subparagraph (A), the applica-  
7           ble maximum number with respect to any quali-  
8           fied small business is—

9           “(i) 10, in the case of a taxable year  
10          beginning in 2026, 2027, 2028, 2029, or  
11          2030,

12          “(ii) 8, in the case of a taxable year  
13          beginning in 2031,

14          “(iii) 6, in the case of a taxable year  
15          beginning in 2032,

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

18          “(v) zero thereafter.

19          “(2) APPLICABLE AMOUNT.—

20          “(A) IN GENERAL.—For purposes of sub-  
21          section (a), with respect to each full-time em-  
22          ployee designated pursuant to paragraph (1),  
23          the applicable amount shall be an amount equal  
24          to the lesser of—

25          “(i) the applicable wage limitation, or

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

3 “(B) APPLICABLE WAGE LIMITATION.—  
4 For purposes of subparagraph (A), the applica-  
5 ble wage limitation is—

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

9 “(I) the applicable maximum  
10 number with respect to the qualified  
11 small business for the taxable year,  
12 reduced by

13 “(II) 2,

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

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

18 “(c) QUALIFIED SMALL BUSINESS.—For purposes of  
19 this section, the term ‘qualified small business’ means,  
20 with respect to a taxable year, a small business concern  
21 (as defined under section 3 of the Small Business Act)  
22 which—

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

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

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

3 “(2) certifies to the Secretary, at such time and  
4 in such manner as the Secretary shall prescribe, that  
5 such concern meets the requirements of this sub-  
6 section for the taxable year.

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

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

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

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

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

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

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