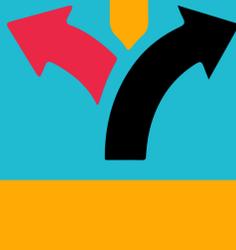




FICA TAX TIP CREDIT FOR SALONS & SPAS

As service sector small businesses commonly owned by women and minorities, **the beauty industry has endured the worst of the economic effects** of the COVID-19 pandemic.

Now is the time to update the tax code to ensure that salon businesses can rebuild, offering a **steady, robust employment path** for America's middle class.



the issue:

SALON EMPLOYERS ARE REQUIRED TO PAY FICA TAXES ON CUSTOMER-PAID TIPS, DESPITE THE BUSINESS RECEIVING NO REVENUE ON THE TIPS.

the solution:

EXTEND THE 45B FICA TAX TIP CREDIT TO SALON INDUSTRY BUSINESS OWNERS BY INCLUDING SMALL BUSINESS TAX FAIRNESS AND COMPLIANCE SIMPLIFICATION ACT (H.R. 821/S. 1233).

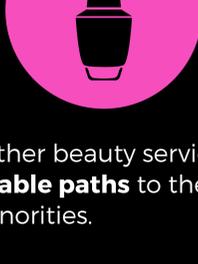


This credit has steadily provided relief to the restaurant industry since 1993 and should be extended to salon employers who face the monumental task of **Building Back Better**. Salons need these funds to keep and expand employees on payroll, provide benefits to their employees, and ensure their business can flourish as the economy full reopens.

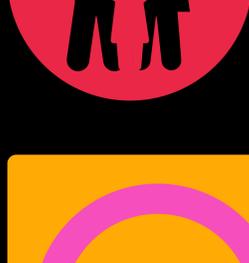
Bipartisan, bicameral legislation, sponsored by **Congressman Darin LaHood, Congresswomen Suzan DelBene, Senator Ben Cardin and Senator Rob Portman**, would allow the credit to be extended to salons.



the industry:



Hair salons, barbershops, nail salons, and other beauty service establishments are some of the **most reliable paths** to the middle class for women and minorities.



Expanding this credit will help marginalized communities **build a better future** for themselves and their families.

60% of employment-based small business beauty salons are women, which is **3x higher** than the women-owned business rate for the entire economy.



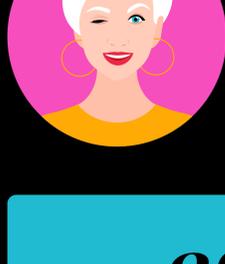
14% OF WORKFORCE ARE AFRICAN AMERICAN

12% OF NATIONAL WORKFORCE



23% OF WORKFORCE ARE ASIAN

6% OF NATIONAL WORKFORCE



83% OF WORKFORCE ARE WOMEN

47% OF NATIONAL WORKFORCE

58% OF THE SALON INDUSTRY ESTABLISHMENTS HAVE FEWER THAN 5 EMPLOYEES

83% OF THE SALON INDUSTRY ESTABLISHMENTS HAVE FEWER THAN 10 EMPLOYEES

the bottom line:



Salon business should receive a credit for **FICA taxes** on customer-paid tips, ensuring the business is not penalized for reporting employee income.

TIPPING IS CUSTOMARY IN THE BEAUTY INDUSTRY. It's the 2nd most-tipped industry in the United States.



Allowing employees to accept tips is a necessary part of salon ownership and should not be a hindrance on **building a successful space** for women and minorities to be successful.



Including this legislation in **The American Jobs Plan** will ensure the beauty service industry thrives moving forward, continuing to provide opportunities for both employment and business-ownership for many women and minorities across America.

PBA Professional Beauty Association
Connected by Passion. *United by Beauty.*

#FICAforSalons #BuildBackBetter