



November 30, 2022

The Honorable Nancy Pelosi, Speaker
U.S. House of Representatives

The Honorable Charles Schumer, Majority Leader
United States Senate

The Honorable Mitch McConnell, Minority Leader
United States Senate

The Honorable Kevin McCarthy, Minority Leader
United States House of Representatives

Dear Speaker Pelosi and Leaders Schumer, McCarthy and McConnell:

As Congress considers year-end legislation, the beauty industry business community and the undersigned associations strongly urge the inclusion of the 45B FICA Tax Tip proposal for salons, spas, and barbershops.

The inclusion of bipartisan, bicameral legislation, sponsored by Representatives LaHood and DelBene and Senators Cardin and Portman titled the Small Business Tax Fairness and Compliance Simplification Act (H.R. 821/S. 1233), would finally give the tens of thousands of employer-based beauty service establishments access to a tool designed to support small business and increase tip reporting compliance.

Salons and barbershops comprise the second largest industry with tipped employees. Our industry employs women and minorities at a rate two times higher than the national average. More than 85 percent of industry professionals are women. The majority of industry establishments are small businesses, with 83 percent employing less than 10 individuals. Extending the existing 45B credit would address an inequity that has existed for almost 30 years, create parity with the largest tip industry, and allow these small business employers to redeploy these savings to further support their employees and expand their businesses. Over 4,000 salon businesses [signed onto a letter](#) supporting the extension of this credit which would give them parity with their restaurant-owner neighbors.

Accurate tip reporting is critical for purposes of an employee's future Social Security benefits. As it has in the restaurant industry, this legislation provides an incentive to increase tax compliance and ensures that employees will be credited with the employment taxes paid on their tip income. Employees are not benefitted under the IRS's current enforcement policy of assessing FICA taxes on the employer for underreported tip income.

Allowing our industry access to the existing 45B FICA Tax Tip Credit is a win for everyone, mutually benefitting small businesses, employees, and the government. Employment-based salons, spas, and barbershops would be able to grow their businesses, better serve their employees, and decrease financial uncertainty. Employees will have increased retirement security and other benefits. The government will collect more revenue. Please extend this bipartisan, bicameral, common-sense measure to salons, spas, and barbershops in your year end legislation.

Respectfully,

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| Professional Beauty Association | National Association of Women Business Owners | Henkel |
| International Spa Association | Personal Care Products Council | Coty |
| National Association of Barber Boards of America | International SalonSpa Business Network | Matrix |
| Professional Beauty Employment Coalition | L'Oréal Professional Products | Pureology |
| John Paul Mitchell Systems | Ulta Beauty | Redken |
| Moroccanoil | Living Proof | OPI |
| Sport Clips | Wella Company | Boulevard |
| Sam Villa | Great Clips | Minerva |