Comprised of small businesses proudly owned by women and minorities, the beauty industry is deserving of equitable access to the existing 45 (b) tax tip credit which will create tax parity allowing beauty establishments to thrive. Now is the time to update the tax code to directly help women, minorities, and small business owners while shrinking the tax gap and increasing tip reporting compliance. This credit has steadily provided relief to the restaurant industry since 1993 and should be extended to salon employers. By reducing the tax burdens for these small businesses, as well as improving the reporting process of tip income, the Small Business Tax Fairness and Compliance Simplification Act would provide equitable treatment to the beauty industry and allow these businesses to further support their employees and expand their businesses.

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. 45 / S. 45).

The industry:

EMPLOYER-BASED BEAUTY ESTABLISHMENTS ARE REQUIRED TO PAY FICA TAXES ON CUSTOMER-PAID TIPS, DESPITE THE BUSINESS RECEIVING NO REVENUE ON THE TIPS.

Of the salon workforce: 60% are women, 23% are Asian, and 14% are African American. Of the salon establishments: 60% have fewer than 5 employees and 58% have fewer than 10 employees.

The bottom line: It's the 2nd most-tipped industry in the United States. Tipping is customary in the beauty industry. Allowing beauty industry employees access to this credit will help those in the industry: 60% women, 23% African American, and 14% Asian. By allowing employees to retain tips is a necessity to the beauty industry and the success of women and minorities across America.

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