



TO TRULY SUPPORT JOB CREATION, THE SMALL BUSINESS JOBS ACT NEEDS A REVIEW

Holistically, and without controversy, there has never been a better law to support entrepreneurship, small businesses, and self-employment potentials. However, the plans to do away *completely* with Bush era tax cuts, during the same period, raise questions as to the integrity of intent of our current policy makers. As far as creation of jobs by small business organizations is considered, the Small Business Jobs Act vis-a-vis total annihilation of Bush era tax cuts displays a classic example of *what one hand giveth, the other taketh away*. **Bush era tax cuts and current misperceptions** Nowadays, almost anybody you talk to on the Bush era tax cuts would point out that maintaining the taxes as they are, would cost our economy \$4 trillion over the next 10 years. That figure was once true, but no more under current perspectives. It has already been ascertained that \$3 trillion out of \$4 trillion can be taken care of, if the Bush era tax cuts for the top two brackets are abolished. Everyone agrees on this. So, if the Bush era tax cuts are made permanent for all excluding those falling in the top two brackets, *it costs our economy \$1 trillion over the next 10 years and not \$4 trillion*. **The gap between the purpose of the Small Business Jobs Act and the abolition of Bush era tax cuts** As with all things political, declaration of policy amidst fanfare and its implementation in back rooms are entirely separate matters. Adequate laws with inadequate implementation is the hallmark of modern democracy, and there are sufficient loopholes within the H.R. 5297 to ensure that the reliefs go out of existence just as the public begins to catch on. To top off the situation, the total abolition of Bush era tax cuts ensures that the reliefs of the Small Business Jobs Act never reach the actual population who have the ability to create jobs and can manage to fulfill the purposes of the Act. The preamble of the Small Business Jobs Act of 2010 clearly states that one of the principal purposes of H.R. 5297 is "to provide tax incentives for small business job creation." The stated purpose is supported by both the content as well as enabling provisions of the Act, which goes on to describe itself properly as "The Small Business Job Creation and Access to Capital Act of 2010." H.R. 5297 contains admirable provisions such as the provision of additional financing and loans based on fulfilling job creation and retention goals, and for protection and increasing American jobs. However, the fact of the same government that passed the Small Business Jobs Act, also promoting absolute stoppage of the Bush era tax cuts is difficult to reconcile. Perhaps, in no other set of policies is the split personality of our current government as apparent, as when trying to reconcile the intent of the Small Business Jobs Act with the intent behind abolishing Bush era tax cuts for all income brackets. Come January 2011, the government intends to raise the top income bracket for individuals from 33% to 39.6%. Given that most small business owners, who are not self-employed individuals but are genuine job creators and employers, submit their business profits through personal returns, this is going to affect small business job creation. Coupled with this, comes the ridiculous measure of raising taxes on small businesses that earn more than \$250,000 a year (to be effected from January 2011). Proponents of all current government policies claim the consequences would fall only on a minority of people, and hence, the economic consequences will be minor. This is not so. According to reports of the Treasury department, only 8 percent of small businesses fall within the top two income tax brackets, but they also pay 82 percent of all small business income tax, and earn 72 percent of all small business income. Typically, these businesses employ from 20 to 250 workers, and as an independent survey by the National Association of Independent Business found, this is the sector targeted by the administration for levying higher taxes. Shrinking the income of actual job creators in the small business sector reduces the Small Business Jobs Act to nothing more than a charade. **Conclusion** If the policy makers stick to their determination of abolishing everything pertaining to the previous government without discretion, then it spells further weakening of the economy and a sluggish rate of job growth. At its best, there will be few new jobs coming from the small business sector, and at its worst, the small business sector would have to cut more jobs or suffer the consequences. Unless, of course, the government takes a fresh and logical look at the situation and incorporates sufficient provisions into the Small Business Jobs Act to offset visibly adverse effects, mindless abolition of Bush era tax cuts is certain to affect our near economic future negatively. Even with the recent Nobel-winning economic study having proved with substantiated research that policies like "extension of UI" are self-defeating and that they do not reduce but increase unemployment, being politically correct seems a greater concern of the government than being economically correct. Regrettably, our policy makers are bent on ignoring common sense and seem determined to appease mob sentiments at the cost of national economy.

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