

STATEMENT BY SENATOR STROM THURMOND (D-SC) ON INTRODUCTION OF STANDARD BUSINESS EXPENSE DEDUCTION BILL IN U. S. SENATE, MARCH 12, 1957.

Mr. President, on behalf of myself and Senators McClellan, Young, Langer, Bricker, Bible, Johnston (S.C.), Ives, Sparkman, Hill, Green, <sup>Stennis,</sup> and Scott, I introduce a bill for appropriate reference. This bill would permit a taxpayer carrying on a trade or business/in the conduct of which ten or less persons are engaged/to elect to take a standard deduction, in lieu of itemized deductions, for expenses attributable to such trade or business.

Existing tax laws have the practical effect of requiring all small businesses to keep books and other records/in order to substantiate itemized trade and business expense deductions as shown on their respective income tax returns. Theoretically, this is a valid requirement. In the case of small businesses, however, there are many cases where proprietorships, partnerships and corporations/have neither sufficient funds to hire the services of an accountant, nor the time and facilities necessary to keep a sufficient accounting record, themselves. This is especially true of small retail establishments, tradesmen and farmers.

This bill is designed to relieve all small businesses from the burden of bookkeeping. It is also designed to relieve the Internal Revenue Service/of the time-consuming task of checking the many tax returns of small businesses/based on inadequate records. This bill, however, is not designed to lower taxes.

The essence of the bill is that any business, whether an individual proprietorship, partnership, or corporation, if it engages less than 10 persons in its business, may, in lieu of itemizing trade or business expenses as is now required, elect to take a standard deduction.

Generally speaking, the business would be required to keep a record of total receipts only. Net taxable business income would be arrived at by deducting the standard deduction from total receipts. The standard deduction would be in lieu



of all items of business or trade expense, including the cost of goods sold, depreciation, taxes, insurance, etc. In no manner/would the proposed bill affect personal deductions of any kind.

It should be pointed out/that farming is a small business enterprise within the meaning of the proposed bill. And, today, Mr. President, many of our farmers do not have the time nor the facilities/to keep the records/required for reporting their income tax deductions.

The amount of the standard deduction would be as follows: On December 1 of each year, the Secretary of the Treasury or his delegate/would prescribe a percentage figure for each category of trade or business for use in the following year. The application of the appropriate percentage figure to total receipts/would result in the sum that the business could subtract from gross income to arrive at net taxable business income.

If the business has kept books and wishes to elect to itemize trade and business expenses, it may do so. However, it would not be compelled to keep books as to trade and business expenses/in the event it uses the standard deduction.

Earlier in the year I placed in the Congressional Record a concurrent resolution from the South Carolina General Assembly/memorializing the Congress to enact this type legislation. I am glad to have these <sup>twelve</sup>~~eleven~~ distinguished colleagues join with me today in sponsoring this bill. Congressman John McMillan, Dean of the South Carolina Congressional Delegation, is introducing in the House today a companion to this bill.

Mr. President, I ask unanimous consent to have this bill lie on the table for the rest of the week/so that others who have not had sufficient time to consider the provisions of this legislation/and who may desire to join us as co-sponsors may do so. I also ask unanimous consent to have the text of the bill printed in the Record at the conclusion of these remarks.

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