

The Facts:

Who Pays What and Who They Are



Traditional C corporations are often thought of as big businesses. In reality, the bulk of C corps are small enterprises.

What does it mean to be a Main Street business?

American small businesses are the mom-and-pop shop down the road, a family business putting the next generation through college, or the local choice that a larger small business critically relies on to get their goods and services out the door.

- 1 Before 2017, the U.S. corporate income tax rate registered 35 percent, which actually was the highest rate among major economies. The 2017 tax reforms reduced the federal rate to 21 percent. Tax receipts to the Treasury since the reforms were enacted are up significantly.
- 2 Advocates for higher taxes like to portray an increase in the corporate tax rate as only affecting big businesses. This assertion turns out to be dead wrong as the overwhelming majority of C corporations actually are small businesses.

Who pays?

Poorly constructed tax policy in 2025 could lead to irreparable economic damage. America must prioritize the needs of our small businesses and take time to understand how the 2017 tax reforms affect the overwhelming majority of C corporations.

- 1 In terms of defending pro-growth tax reforms, a consistent tax bill means resources can be available for the investment that drives innovation and productivity gains, which in turn help fuel increases in workers incomes; for hiring; and innovation.
- 2 For good measure, as costs increase for C corps via a tax increase, the negatives spread to the businesses – again, overwhelmingly small businesses that work with, serve or supply other small businesses. Similarly, consumers see increased prices due to the variety of costs impacting these small businesses.

The Data

Based on the latest U.S. Census Bureau data covering 2021, there were 918,045 C corporation employer firms in the U.S., as well as 410,936 nonemployer C corporations. That tallies up to 1,328,981 C corporations.

- 1 For C corp employer firms, 85.6% have fewer than 20 employees, 96.2% fewer than 100 workers, and 98.9% fewer than 500 employees.
- 2 Expanding it to C corp employer and nonemployer firms, 90.1% have fewer than 20 employees, 97.3% fewer than 100, and 99.2% fewer than 500 employees.

C corporation employer firms percentage breakdown by firm size

NO. OF EMPLOYEES	% OF TOTAL
Fewer than 10	74.4%
Fewer than 20	85.6%
Fewer than 100	96.2%
Fewer than 500	98.9%

C corporation employer and nonemployer firms percentage breakdown by firm size

NO. OF EMPLOYEES	% OF TOTAL
Fewer than 10	82.3%
Fewer than 20	90.1%
Fewer than 100	97.3%
Fewer than 500	99.2%

Make no mistake, an increase in the corporate income tax is a direct tax increase on small businesses.