

# Small-Scale Entrepreneurship Tax Relief Act

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## Section 1. Purpose

This Act is designed to encourage small-scale entrepreneurship by allowing individuals to experiment with side businesses without immediate tax burden, while maintaining transparency and safety standards.

## Section 2. Tax-Free Threshold

Individuals engaged in informal, small-scale entrepreneurial activities may earn up to \$10,000 in annual profit tax-free.

## Section 3. Business Expense Offset

Up to \$5,000 in legitimate business expenses (including tools, equipment, and operational costs) may be deducted, allowing total revenue up to \$15,000 before taxation applies.

## Section 4. Qualifying Activities

This Act applies to informal, small-scale activities including but not limited to: lawn care, gardening, woodworking, handyman services, fence repair, lemonade stands, reselling goods, dog walking, pet grooming, and short-term rentals.

Activities must not require professional licensing.

## Section 5. Transparency and Compliance

Individuals must disclose to customers that they are not licensed or insured.

All required permits for work must still be obtained and followed.

## Section 6. Formal Business Requirement

If an individual enters formal contracts (such as 1099 agreements), or if insurance/licensing is required, they must register as a business and comply with all tax and regulatory requirements.

## Section 7. Growth Transition

If annual profit exceeds \$10,000, standard tax filing requirements apply and individuals are encouraged to formally establish their business.

## Section 8. Voluntary Reporting

Participants are encouraged, but not required, to submit a basic summary of annual earnings and expenses to a state portal.

All submissions shall allow omission of personal identifying information and will be used only for aggregated data and policy planning.