



LendingTree Survey Finds Most Small Business Owners Are Using Tax Reform Savings to Pay Off Debt

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During Small Business Week, LendingTree released the findings of its survey of small business owners that found they expect to see savings from tax law and plan to pay off debt

CHARLOTTE, N.C., May 3, 2018 /PRNewswire/ -- [LendingTree@](#), the nation's leading online loan marketplace, today released the findings of its [survey](#) of small business owners, revealing that most expect to see tax reform savings and plan to use the tax savings for paying down debt.

As the effects from the American Tax Cuts and Jobs Act begin to take shape, some small business owners may find their taxes decreasing in 2018. LendingTree surveyed 1,000 small business owners via Google Consumer Surveys between March 29 – March 31, 2018 and according to the results, 65 percent of small business owners expect to see savings as a result of the new tax law. Below are some of the key findings of the survey.

Only 15 percent of business owners plan to pass tax savings onto their employees while most plan to tackle business debt.

When asked what they plan to do with their tax savings, more than one-third (35%) of respondents said they would pay down debt.

More than a quarter said they don't plan to use tax savings to change anything within their business, while only 15 percent said they would increase wages and benefits. Nine percent said they would increase non-wage expenses. Just 7 percent would use the extra funds to hire more employees.

Entrepreneurs feel the weight of debt.

Nearly half of the small business owners surveyed (46%) said they have business-related credit card debt. Of those with business debt:

- 48 percent carry debt on a personal credit card.
- 27 percent carry debt on a business credit card.
- 25 percent carry debt on both personal and business cards.

Twenty-seven percent of small business owners relied on debt to cover their start-up costs.

While more than half (55.7%) of small business owners tapped their personal savings to start their business, roughly one-quarter (27%) relied on debt.

Among owners who borrowed funds for start-up costs, about 12 percent took out a business loan, 7.5 percent used credit cards, 6 percent used a personal loan and 1 percent used a home equity loan.

Nearly 80 percent of small business owners don't have a six-month emergency fund.

It's generally recommended for small business owners to stash at least three to six months' worth of savings for leaner times. The survey found 55 percent don't meet that bar.

Tax savings would come in handy for the 80 percent of small business owners who report having less than six months' worth of expenses on hand in cash.

Even more strapped for cash, 70 percent have no more than three months' worth of cash on hand and 21 percent of small business owners don't have a reserve for even one month's expenses.

Here's a breakdown of how many months' worth of money business owners have available:

- Zero – 20.5 percent
- One – 15 percent
- Two – 19.1 percent
- Three – 15.1 percent
- Four – 6.7 percent
- Five – 3.5 percent
- Six or more – 20.2 percent

To business owners preparing for tax season 2018, Hunter Stunzi, SVP of Business Loans at LendingTree advises, "Maintaining accurate books and records monthly will help avoid costly accounting work come tax time."

"Prepare for tax season all year not the month prior. This may also help avoid costly mistakes like underpayment of taxes during the year. Businesses with large unanticipated tax bills are more likely to incur tax liens which may impair their ability to borrow."

For more information on the study, visit <https://www.lendingtree.com/business/small/small-business-owners-survey/>.

About LendingTree

LendingTree (NASDAQ: TREE) is the nation's leading online loan marketplace, empowering consumers as they comparison-shop across a full suite of loan and credit-based offerings. LendingTree provides an online marketplace which connects consumers with multiple lenders that compete for their business, as well as an

array of online tools and information to help consumers find the best loan. Since inception, LendingTree has facilitated more than 65 million loan requests. LendingTree provides free monthly credit scores through My LendingTree and access to its network of over 500 lenders offering home loans, personal loans, credit cards, student loans, business loans, home equity loans/lines of credit, auto loans and more. LendingTree, LLC is a subsidiary of LendingTree, Inc. For more information go to www.lendingtree.com, dial 800-555-TREE, like our Facebook page and/or follow us on Twitter @LendingTree.

MEDIA CONTACT:

Megan Greuling

704-943-8208

Megan.greuling@lendingtree.com

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