



### Introducing Accountant Connect<sup>sM</sup>

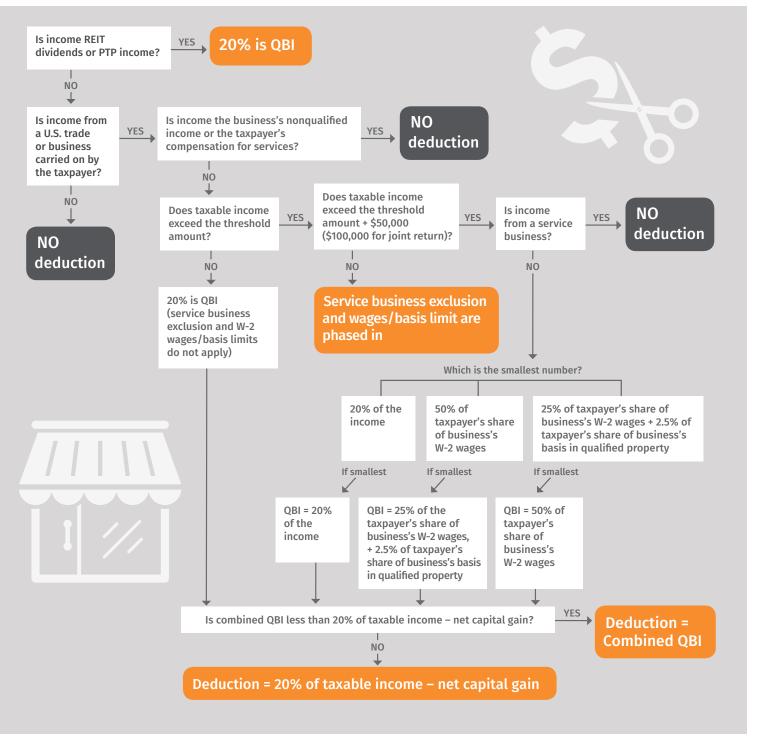
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## 2018 | IRC §199A Qualified Business Income Deduction

### **Deduction Flowchart**





# 2018 | IRC §199A | Service Businesses; Wages/Capital Limit Phase-In

#### **Specified Service Businesses Effect of 199A Deduction** Individual's: **Prior Law Current Law** Passed-thru income \$100 \$100 accounting performing arts Max deduction \$20 reputation/skill actuarial Taxable income \$100 of owner/employee science Max income tax rate 39.6% 37% Federal income tax \$39.60 \$29.60 athletics Net passed-thru income \$60.40 law Qualified Business investing/ consulting investment Income management 2018 Phase-in Thresholds financial brokerage services TAXABLE INCOME services trading/dealing health \$207,500 \$157,500 plus in securities, etc. \$0 \$315,000 joint \$415,000 joint Certain commonly owned businesses that provide property Phase in begins Phase in ends or services but not Phase-in of W-2 wages/basis limit Businesses with de minimis service receipts, or banks **Deduction amount** = 20% of QBI - excess amount x ratio **Excess amount** 20% of QBI - the greater of: 50% of the taxpayer's share of W-2 wages **Tests for W-2 wages** 25% of taxpayer's share of W-2 wages Paid by qualified + 2.5% of taxpaver's share of basis taxable income - \$315,000 taxable income - \$157,500 joint Allocable to QBI Ratio = return: \$50,000 \$100,000 **Properly reported**

