

## The Basic Math of the New Section 199A Deduction\*

\* The terms used in this chart have specific definitions and rules under the Internal Revenue Code and Regulations, and taxpayers must understand all those rules to apply this chart.

\* This basic math does not include the components of the Section 199A Deduction attributable to REIT dividends or Publicly Traded Partnership income.

	<b>Section 199A Deduction Amount (Business Type)</b>	
<u>TI Amount</u>	<u>QTB</u>	<u>SSTB</u>
< Threshold	Lesser of A or C	Lesser of A or C
> Threshold but < Threshold + Phase-In <u>AND</u> A>B	Lesser of A-[(A-B)*AP] or C	Lesser of A-[(A-B)*AP] or C <u>BUT</u> , QBI, Wages and UBIA each multiplied by AP
> Threshold but < Threshold + Phase-In <u>AND</u> B>A	Lesser of A or C	Lesser of A or C <u>BUT</u> , QBI, Wages and UBIA each multiplied by AP
> Threshold + Phase-In	Least of A, B or C	\$0

**A** 20% of QBI

**B** Greater of (i) 50% of Wages or (ii) sum of 25% of Wages plus 2.5% of UBIA

**C** 20% of TI (Ceiling on Section 199A Deduction)

**RPE** Relevant Passthrough Entity -- a partnership or S corporation

**QTB** Qualified Trade or Business -- Generally any business conducted by an individual or an RPE that is not an SSTB

**SSTB** Specified Trade or Business -- Generally (but not exclusively) a professional services business

**QBI** Qualified Business Income of an Individual or RPE

**TI** Taxable Income of Individual claiming the Section 199A Deduction

**Threshold** TI=\$157,500 for an Individual or \$315,000 for a married couple filing a joint federal income tax return

**Phase-In** \$50,000 for an Individual or \$100,000 for a married couple filing a joint federal income tax return

**Wages** Wages paid by a QTB that are subject to withholding plus elective retirement plan deferrals made by QTB employees

**UBIA** Unadjusted Basis Immediately after Acquisition of property used in the QTB

**AP** Applicable Percentage -- (TI-Threshold)/Phase-In