

Section 199A Pass-Through Deduction

4th Edition

Paul J. Winn

Table of Contents

Chapter 1 – Business Owners’ Taxable Income Below Threshold	1
Learning Objectives	1
Introduction.....	1
Overview of the Pass-Through Deduction.....	1
Nature of the 20 Percent Deduction for Qualified Business Income (QBI)	2
Deduction Eligibility	2
Computing the Deduction—Taxable Income Not Exceeding Threshold Amount.....	3
Definitions.....	5
Trade or Business	5
Threshold Amount	7
Qualified REIT Dividends.....	8
Qualified Publicly Traded Partnership Income.....	9
Qualified Business Income (QBI)	9
Qualified Items of Income, Gain, Deduction, and Loss	10
Qualified Trade or Business.....	11
Aggregation	11
Aggregation Rules	11
Reporting and Consistency Requirements	12
Accuracy-Related Penalty on Underpayments	14
Summary	15
Review Questions	16
Review Answers	17
Chapter 2 – When Taxable Income Exceeds the Threshold	19
Learning Objectives	19
Introduction.....	19
Taxable Income Above Threshold Amount	19
Pass-Through Deduction When Taxable Income Exceeds the Threshold.....	19
QBI Component.....	20
Computing the Deduction—Taxable Income Exceeding Threshold Amount	21
Determining W-2 Wages.....	22
UBIA of Qualified Property.....	23
Computing the Deduction—Examples	23
Summary	25
Review Questions	26
Review Answers	27
Chapter 3 – When Taxable Income Is Within Phase-In Range	29
Learning Objectives	29
Introduction.....	29
Calculating the QBI Component	29
Taxpayers With Taxable Income Within Phase-In Range.....	29
Determining the Applicable Percentage	30
Calculating the Pass-Through Deduction.....	30
Modification for Non-SSTBs.....	30
Modification for SSTBs	32
Summary	35
Review Questions	36
Review Answers	37
Chapter 4 – Specified Services Trades or Businesses (SSTBs)	39
Learning Objectives	39
Introduction.....	39
Qualified Trade or Business	39

Table of Contents

Specified Service Trade or Business.....	39
Summary	44
Review Questions	45
Review Answers	46
Appendix A – Phase-In Worksheet for Non-SSTBs.....	47
Appendix B – Phase-In Worksheet for SSTBs	49
Appendix C – Does the § 199A Pass-Through Deduction Apply?.....	51
Glossary.....	53
Index	57