Am I eligible for the new 20% Qualified Business Income (QBI) Deduction?

skr+co
STOCKMAN KAST RYAN + COMPANY

Are you a:

- Sole proprietor
- S Corporation
- Trusts + Estates
- Partnership

Yes → You may be eligible.

No → You are not eligible.

Is your Taxable Income (TI) more or less than:

$315,000 married filing jointly

$157,500 all other filers

Less → **You are eligible. Most limitations do not apply.**

Taxable income limitations and capital gain limits may apply.

? Applies to pass through entities including SSTBs.

More → **Is your business a Specified Service Trade or Business (SSTB)?**

Yes → **You MAY be eligible. Limitations apply.**

Is your taxable income more or less than $415,000 married filing jointly ($207,500 all other filers)?

Less → **Special rules apply.**

The QBI deduction calculation becomes more difficult at this point. As taxable income increases, the QBI deduction percent decreases.

No → **You are eligible. Limitations apply.**

All five limitations apply. Tax planning is key here to maximize QBI deduction.

You are not eligible.

Specified Service Trade or Business

A new designation created during tax reform, Specified Service Trade or Business (SSTB), includes any "trade or business where the principal assets of such trade or business is the reputation or skill of one or more of its employees or owners." Knowing if your business qualifies as an SSTB is important, particularly if you operate in the fields of:

- Health
- Law
- Accounting
- Financial Services
- Consulting
- Investment Management
- Brokerage Services
- Performing arts
- Athletics

What are QBI limitations?

1. Taxable income
2. Capital gain
3. Specified Service Trade or Business
4. W-2 test
5. Asset test

Where is QBI? *Qualified Business Income (QBI) is most often found on Schedule K-1, Schedule E and Schedule C.*

©2019 Stockman Kast Ryan + Company. For illustrative purposes only. Not tax advice. Subject to change at any time without notice. Rev.01.19.