

Passthrough Business Deduction

Section 199A Selected Overview

Course Description

The Tax Cuts and Jobs Act (P.L. 115-97), enacted Dec. 22, 2017, created, under Section 199A, a new deduction for up to 20% of qualified business income (QBI) from partnerships, limited liability companies (LLCs), S corporations, trusts, estates, and sole proprietorships for tax years beginning after Dec. 31, 2017. However, determining the Section 199A deduction amount and availability is a very complex multi-step process that may phase out some or all of the deduction.

In the face of this complexity, the text provides a selected overview of the basic components of this below-the-line deduction. Qualified business income, taxpayer's taxable income, wage/capital limit, specified services trade or businesses, and other key components are not only defined and calculated but their interaction is demonstrated and exemplified.

Completion Deadline & Exam: This course, including the examination, must be completed within one year of the date of purchase. In addition, unless otherwise indicated, no correct or incorrect feedback for any exam question will be provided.

Course Level: Overview. This program is appropriate for professionals at all organizational levels.

CPE Credits: 2 (CPA, EA)

Category: Taxes

Prerequisite: General understanding of federal income taxation.

Advanced Preparation: None

Course Learning Objectives

1. Recognize Section 199A's limited effective time period, its complex calculation process and the general exclusions, limits, and restrictions applicable to the provision.
2. Determine the Section 199A deduction amount, the type of W-2 wages used in calculating the wage/capital limit and specify how the limit impacts the amount and availability of the deduction.
3. Identify qualified business income and loss, its basic components and the ability of a taxpayer to aggregate businesses in its determination.
4. Recognize the specified services trade or business exclusion, the listed excluded services and the important exceptions provided by the regulatory de minimis rule. Identify a domestic trade or business.