

Section 199A Pass-Through Deduction

Course Description

The Tax Cuts and Jobs Act of 2017 (TCJA), signed into law during the closing days of 2017, affects the tax planning and income tax liability for many taxpayers. Among those for whom the TCJA will have a more significant effect are business owners of pass-through trades or businesses who may be eligible for the TCJA's pass-through deduction. Section 199A Pass-Through Deduction course examines this deduction.

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: 3 (CPA, EA)

Category: Taxation

Prerequisite: None

Advanced Preparation: None

Course Learning Objectives

Chapter 1 - Business Owners' Taxable Income Below Threshold

After reading this chapter, you should be able to:

1. Recognize a pass-through trade or business;
2. Calculate the pass-through deduction for a qualified trade or business owner whose taxable income does not exceed the applicable threshold;
3. Define the terms "qualified trade or business" and "qualified business income," for purposes of the pass-through deduction; and
4. Apply the carryover rules applicable to pass-through business owners who have negative combined qualified business income or qualified REIT dividends/PTP income.

Chapter 2 - When Taxable Income Exceeds the Threshold

After reading this chapter, you should be able to:

1. Identify the applicable threshold amounts;
2. Recognize the requirement that would enable an SSTB to qualify for an exception to disqualification for the pass-through deduction;
3. Calculate qualified business income of SSTBs and non-SSTBs for business owners whose taxable income exceeds the applicable threshold;
4. Recognize the methods that may be used to determine W-2 wages for purposes of the pass-through deduction; and
5. Define “qualified property” as used in connection with the pass-through deduction.

Chapter 3 - When Taxable Income is Within Phase-In Range

After reading this chapter, you should be able to:

1. Determine when the general rule for calculating QBI is modified for Section 199A deduction purposes;
2. Apply the pass-through deduction rules to calculate the reduction percentage and the applicable percentage for purposes of the Section 199A deduction;
3. Calculate the Section 199A deduction for a pass-through business whose owner’s taxable income is within the phase-in range; and
4. Calculate the Section 199A deduction for an SSTB pass-through business whose owner’s taxable income is within the phase-in range.

Chapter 4 - Specified Services Trades or Businesses (SSTBs)

After reading this chapter, you should be able to:

1. Recognize a qualified trade or business; and
2. Identify specified service trades or businesses (SSTBs).