

## Qualified Business Deduction [QBI] Section 199A

QDI is a deduction from Adjusted Gross Income [AGI] for eligible taxpayers. QDI reduces taxable income.

The deduction is 20% of the Qualified Business Income

Eligible taxpayers are:

- Shareholder of an "S" Corporation [Schedule K-1 Form 1120S] #
- Partner of a qualified Partnership [Schedule K-1 Form 1065] #
- Member of an LLC [Schedule K-1 Form 1065 or Form 1120S] #
- Sole Proprietors and single member LLC  
[Schedule C or Schedule C-EZ Form 1040]
- Taxpayers investing in Real Estate Investment Trusts – REITs  
[Form 1099-DIV] Dividends reported in Box 5 Form 1099-DIV

**# = The following information must be reported on the original Schedule K-1 timely filed for the QBI deduction to be valid**

	Schedule K-1 <u>1065</u>	Schedule K-1 <u>1120S</u>
Section 199A Income	Line 20 Z	Line 17 V
Form W-2 Wages	Line 20 AA	Line 17 W
Unadjusted Basis of Qualified Property	Line 20 AB	Line 17 X
199A REIT Dividends	Line 20 AC	Line 17 Y
Publicly Traded Partnership Income	Line 20 AD	Line 17 Z

There are QBI Deduction Phase-in Thresholds:

	<u>Tax Year 2020</u>	<u>Tax Year 2021</u>
Married Filing Joint [MFJ]	\$326,600 - \$426,600	T/B/D
Married Filing Separate [MFS]	\$163,300 - \$213,300	T/B/D
Single [S] Head of House [HOH]	\$163,300 - \$213,300	T/B/D

**<see disclaimer - legal>**