



## What is this QBI deduction I've been hearing about?

One of the most talked-about parts of the Tax Cuts and Jobs Act is the QBI deduction, or qualified income business deduction. So what exactly is it, and can I get it?

**What is the QBI?** The qualified business income deduction is a 20% deduction on most income from pass-through entities such as partnerships, S corporations, sole proprietorships and LLCs not treated as C corporations. Pass-through entities don't pay income taxes at the corporate level. Instead, income is allocated among the owners and taxes are only levied on an individual basis.

**Do I have to itemize?** No. The QBI deduction is not an itemized deduction.

**I'm a doctor. Can I take it?** Yes and no. Certain professionals, including doctors, lawyers, accountants and other service-related businesses can only take the deduction if their taxable income is under the threshold amount.

**What are those threshold amounts?** The deduction starts to phase-out at \$157,000 for all taxpayers except joint filers, whose deductions

start to phase out at taxable income of \$315,000. This is the amount after you take the standard or itemized deduction.

**Are there other limits?** Yes. The deduction can't reduce your taxable income below zero.

**Can I just form an LLC to receive my paycheck?** No. Employee compensation is excluded as are guaranteed payments to a partner or member of an LLC.

**I need more information. What can I do?** Come talk to me about how to best use this new deduction. You can significantly reduce your tax with proper planning.

## Important Tax Information

The Tax Cuts and Jobs Act originally reduced the maximum HSA contributions for family coverage to \$6,850. However, the IRS recently announced relief for taxpayers, and returned the contribution limit to the original \$6,900.

## Did You Know?

Father's day was celebrated in Europe as early as the Middle Ages. Brought to the Americas by the Spanish and Portuguese, Father's Day was primarily a religious and regional holiday until 1966, when Lyndon B. Johnson issued a presidential proclamation. It was made a national holiday in 1972.

## Quote Corner

"Never, never, never give up."

~ Winston Churchill

