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## Course Information

**Course Title:** §199A Pass-Through Deduction #290221

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### **Number of continuing education credit hours recommended for this course:**

In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.

**EA, OTRP** 3 IRS: Qualified Sponsor number: *FWKKO*.

**CPA:** 3 (Accepted in all states)

National Registry of CPE Sponsors ID Numbers: 107615:

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Public Accountancy: 14003

New York State Board of Accountancy (for ethics): 002146

Ohio State Board of Accountancy: M0021

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

**CLU, ChFC:** 3 (Professional Recertification)

**Program Delivery Method:** QAS Self-Study (interactive)

### **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. This course will examine the pass-through deduction authorized under § 199A of the TCJA.

The text is conceptually divided into three sections: First, calculation of the pass-through deduction for business owners whose taxable income does not exceed a threshold amount set by statute; second, calculation of the pass-through deduction for business owners whose taxable income is greater than the threshold; and finally, calculation of the pass-through deduction for business owners whose taxable income is greater than the threshold and whose businesses are considered specified service trades or businesses (SSTBs). The final chapter examines each of the business categories that are considered specified service trades or businesses and identifies those businesses that might appear to be placed in those categories but which would not be deemed SSTBs.

**Program Delivery Method:** Self-Study (NASBA QAS Self-Study/Interactive)

### **Subject Codes/Field of Study**

NASBA (CPA): Taxes.

IRS (EA, OTRP): Federal Tax Law.

NAPFA: Taxes

### **Course Level, Prerequisites, and Advance Preparation Requirements Program Level**

Program Level: CFP Board: Intermediate; NASBA/CPA, IRS: Overview.

This program is appropriate for professionals at all organizational levels.

Prerequisites: Basic familiarity with federal taxation

Advance Preparation: None

### **Course Content**

Publication/Revision date: 4/21/2021.

Author: Paul J. Winn CLU ChFC

Final exam (online): Twenty questions (multiple-choice).

### **Instructions for taking this course**

**Note:** Download and save the PDF of this course to your computer to enable the search function (Menu: Edit>Find) and bookmarks (icon on left side of document window) for easier navigation.

You must complete this course within one year of the date of purchase (if you do not complete the course within one year, contact us to determine whether an updated edition of the course is available, in which case we will provide you with a PDF of the updated course and the online exam at no charge).

A passing grade of at least 70% is required on the final exam for this course. You may retake the exam if you do not pass it on the first attempt (no charge).

Complete the course by following the learning objectives listed on page one, studying the chapter-text, then studying the review quiz at the end of the chapter (answers to chapter review quizzes are at the end of the text). Once you have completed each chapter and you are confident that the learning objectives have been met, answer the final exam questions (online).

### **Instructions for Taking the Final Exam Online**

- Login to your account online at [www.bhfe.com](http://www.bhfe.com).
  - The exam may be started, stopped, then resumed at a later date.
  - The exam is "open book," it is not timed, and it may be retaken if not passed on the first attempt (no charge).
  - Results (correct, incorrect answers) and certificate appear immediately upon passing the exam.
  - EA credits are reported weekly.

**Have a question?** Call us at 800-588-7039 or email us at [contact@bhfe.com](mailto:contact@bhfe.com).

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# Introduction to the Course

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. This course will examine the pass-through deduction authorized under § 199A of the TCJA.

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In examining the pass-through deduction it:

- Provides an explanation of computation of the deduction and appropriate examples;
- Considers how W-2 wages and the unadjusted basis of qualified property immediately after its acquisition (UBIA) should be determined;
- Defines qualified business income (QBI), qualified REIT dividends and qualified publicly traded partnership (PTP) income and the special rules applicable to them;
- Examines the aggregation rules applicable to the deduction;
- Identifies trades or businesses considered specified service trades or businesses (SSTB) and the trade or business of performing services as an employee excluded from pass-through deduction eligibility; and
- Discusses the special rules applicable to computing the pass through deduction for relevant pass-through entities (RPEs), publicly traded partnerships (PTPs), trusts and estates.

## Course Learning Objectives

Upon completion of this course, you should be able to:

- Explain how to compute the § 199A deduction for pass-through business owners whose taxable income is:
  - Not in excess of the applicable threshold,
  - In excess of the applicable threshold but not in excess of the sum of the threshold and phase-in range, and
  - In excess of the sum of the applicable threshold and phase-in range;
- Determine W-2 wages and the unadjusted basis of qualified property immediately after its acquisition (UBIA);
- Define qualified business income (QBI), qualified REIT dividends and qualified publicly traded partnership (PTP) income and the special rules applicable to them;
- Recognize the aggregation rules applicable to the § 199A deduction; and
- Identify the trades or businesses considered specified service trades or businesses (SSTBs) that may be ineligible for the pass-through deduction.