

Qualified Business Income Deductions (QBI-Math)

Ex. Single

\$182,100

\$232,100

Income:

Low

Medium

HI

(If SSTB, QBI=0)

1 Step: "Lesser of"

Deduct = $0.2 \times \text{QBI}$

or

Deduct = $0.2 \times \text{Income} -$
(Cap.Gains)

Ex.

Deduct = $0.2 \times 150,000$
= \$30,000

3 Steps: "Phase In"

1. Dif = Income - Low

2. Phase In = Dif / 100k

3. QBI = $182,100 \times (1 + \text{Phase In})$

Ex.

1. Dif = $232,100 - 182,100 = 50,000$

2. PI = $50k / 100k = 0.5$

3. QBI = $182,100 \times (1.0 + 0.5)$
= $182,100 \times (1.5)$
= \$273,150

2 Steps: "Greater of"

1. QBI = $0.5 \times \text{W2-wages}$

or

2. QBI = $0.25 \times \text{W2-wages} +$
 $0.025 \times \text{Properties}$

Ex.

QBI = $1/4 \times 100,000 = \$25,000$

QBI = $1/4 \times 100,000 +$
 $0.025 \times 100,000$
= $25,000 + 2,500$
= \$27,500