

Section 199A Deduction Decision Tree

By **Jason Watson, CPA**

Posted Wednesday, November 1, 2023

Remember that taxable income is all income for the household, and the following numbers are the “base” numbers for 2018 but indexed annually. Simply put, these numbers represent the top of the 24% marginal tax bracket.

Specified Service Trade or Business (as defined above)-

- If taxable income is less than \$157,500 (single) / \$315,000 (married) then the 20% deduction for your pass-through entity is fully available.
- If taxable income is greater than \$157,500 / \$315,000 but less than \$207,500 / \$415,000 then a partial deduction is available. The phase-in of the limit is linear.
- If taxable income is greater than \$207,500 / \$415,000 then you are hosed. Sorry. Hosed is a technical term accountants often use to illustrate an untenable situation.

All Others-

- If taxable income is less than \$157,500 / \$315,000 then the 20% deduction is fully available.
- If taxable income is greater than \$157,500 / \$315,000 but less than \$207,500 / \$415,000 then a partial deduction is available with the W-2 and depreciable asset limit calculations phase in.
- If taxable income is greater than \$207,500 / \$415,000 then the 20% deduction is compared to the full W-2 and depreciable asset limit calculations (see Betty in an earlier chapter).

As mentioned earlier, we will show you examples and side-by-side comparisons in the next chapter. We have Fred, Barney, Hot Shot Surgeon, Goat Herder, and all kinds of nonsense.

```
[vc_row el_class="hide_socials"] [vc_column] [vc_empty_space height="25px"] [vc_raw_html
css="" ] [TNDcCUyMHN0eWxIJTNEJTlydGV4dC1hbGlnbiUzQSUyMGNlbnRlciUzQiUyMiUzRSUzQ2VtJTNFSmFzb24IMjBXYXRzb24IMkMI
MjBDUEEIMkMIMjBpcyUyMGEIMjBTZW5pb3IIMjBQYXJ0bmVvYjTIwb2YIMjAlM0NzcGFuJTIwc3R5bGUIM0QIMjB2xvciUzQSUyMCUyMzV
kM2ZkMyUzQiUyMiUzRSUzQ3N0cm9uZyUzRVdDRyUyMENQXQIMjAlMjZhbXAIM0IIMjBBZHZpc29ycyUzQyUyRnN0cm9uZyUzRSUz
QyUyRnNwYW4IM0UIMkMIMjBhJTlwYm91dGlxdWUIMjB5ZSQIMjBwcm9ncmVzc2I2ZSUyMHRheCUyQyUyMGFjY291bnRpbmclM0Nici
UyMCUyRiUzRWFuZCUyMGJlc2luZXNzJTlwY29uc3VsdGF0aW9uJTIwZmlybSUyMGxvY2F0ZWQIMjBpbUyMENvbG9yYWRvJTlw2Vyd
mluZyUyMHNtYWxsJTlwYnVzaW5lc3MIMjBvd25lcnMIMjBhbmQIMjB0YXhwYXlcnMIMjB3b3JsZHDpZGUuJTNDJTGZW0IM0UIM0NiciUy
MCUyRiUzRSUzQ2JyJTlwJTJGJTNEJTNFYUyMGhyZWYIM0QIMjJodHRwcyUzQSUyRiUyRnd3dy5saW5rZWRpbi5jb20IMkZpbUyRmphe
29uLXdhdHNvbi1jcGEIMkYIMjIIM0UIM0NpbWclMjBjbGFzcyUzRCUyMmFsaWdubm9uZSUyMHdwLWltYWdlLTE3MzI3JTlyJTlw3JjTNEJ
TlyaHR0cHMIM0EIMkYIMkZ3Y2dpbmMuY29tJTJGd3AtY29udGVudCUyRnVwbG9hZHMIMkYyMDIwJTJGMDIIMkZsaW5rZWRpbi0zMDB
4MzAwLnBuZyUyMiUyMGFsdCUzRCUyMkphc29uJTlwV2F0c29uJTlwQ1BBJTlwTGlua2VksW4IMjIIMjB3aWR0aCUzRCUyMjI1JTlyJTlwa
GVpZ2h0JTNEJTlyMjUIMjIIMjAlMkYIM0UIM0MIMkZjJTNFJTl2bmJzcCUzQiUyNm5ic3AlM0IIMjZuYnNwJTNCJTl2bmJzcCUzQiUyNm5ic3Al
M0IIM0NhJTlwaHJlZiUzRCUyMm1haWx0byUzQWphc29uJTQwd2NnaW5jLmNvbSUyMiUzRSUzQ2ItZyUyMGNsYXNzJTNEJTlyYWxpZ25
ub25lJTlw2I2ZS10aHVtYm5haWwIMjB3cC1pbWFnZS0xNzMzNCUyMiUyMHNyYyUzRCUyMmh0dHBzJTNEJTJGJTJGd2NnaW5jLmNvb
SUyRndwLWNvbRlbnQIMkZ1cGxvYWRzJTJGMjAyMCUyRjAyJTJGbwFpbC0xNTB4MTUwLnBuZyUyMiUyMGFsdCUzRCUyMkphc29uJTl
wV2F0c29uJTlwQ1BBJTlwRW1haWwIMjIIMjB3aWR0aCUzRCUyMjI1JTlyJTlwaGVpZ2h0JTNEJTlyMjUIMjIIMjAlMkYIM0UIM0MIMkZjJTNF
JTNJTGcCUzRQ==[/vc_raw_html] [vc_empty_space height="25px"] [vc_column_text css=""]
```


talking to you!TVCd2NnLWNvbnRhY3QtdXMlNUQ=