

Services or Property Provided to an SSTB

By **Jason Watson, CPA**

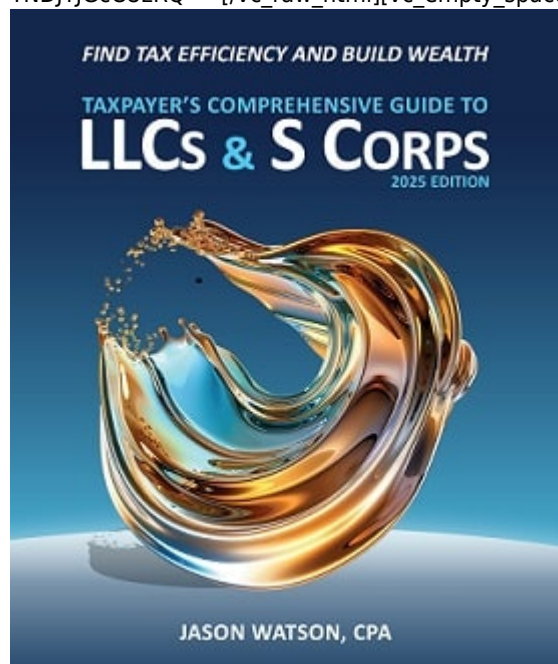
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The proposed regulations for Section 199A had a provision where a trade or business that provides more than 80% of its property or services to an SSTB is treated as an SSTB if there is 50% or more common ownership of the trades or businesses. This kills the self-rental income where an accountant, for example, owns the office building and leases it back to the accounting firm. Yuck. This seems silly since if the accounting firm rented from anyone else, the landlord would enjoy a Section 199A deduction. So, why not make an arms-length and fair market rent requirement? We digress...

One takeaway on this is the **final regulations for Section 199A** remove the 80% binary threshold-

Accordingly, the final regulations provide that if a trade or business provides property or services to an SSTB and there is 50 percent or more common ownership of the trade or business, the portion of the trade or business providing property or services to the 50 percent or more commonly-owned SSTB will be treated as a separate SSTB with respect to related parties. (Final Regs, pages 104-105)

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Taxpayer's Comprehensive Guide to LLCs and S Corps 2025 Edition

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