



NEW TAX LAW 20% UPDATE

**Taxable Income > \$315,000
Married Filing Joint**

NO

Excludable = 20% of Business Income
Includes Rental, Self Employed and K-1s

→

Deduction = Smaller of Excludable or 20% of Taxable Income
See bottom right corner re: taxable income.

YES

Is it Prohibited Income?

YES

No Deduction!
Prohibited Income is: Legal, Accounting, Health, Actuarial, Performing Arts, Consulting, Athletes, Financial Services, Brokerage Services, or any business where the principal asset is the reputation or skill or one or more employees.

NO

Compute 20% of Business Income
Includes Rental, Self Employed and K-1s = A

AND

Compute Greater of:
1) 50% of Wages
OR
2) 25% of Wages + 2.5% of Property Cost = B

THEN

Excludable = Lesser of A or B

→

Deduction = Smaller of Excludable or 20% of: Taxable Income less Capital Gains
*Taxable Income is income after all losses and deductions.
Taxable income could be nominal or negative and limit this deduction to zero.*

peasecpa.com

Chuck Federanich - All Rights Reserved

Please contact our firm for further details.

CLEVELAND

1422 Euclid Avenue, Suite 400
Cleveland, OH 44115 | p 216.348.9600

AKRON

3501 Embassy Pkwy, Suite 200
Akron, OH 44333 | p 330.666.4199

BEACHWOOD

3201 Enterprise Pkwy, Suite 320
Cleveland, OH 44122 | p 216.348.9600