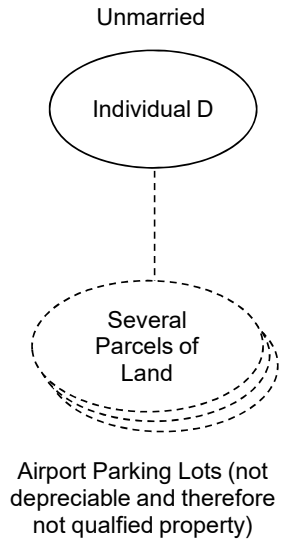


**Prop'd Reg. 1.199A-1(d)(4),
Example 1**

**QBI Ded'n, Above Threshold:
Zero Wages and Zero UBIA**

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Business net taxable income (QBI)	1,000,000	(20% of QBI = 200,000)	Sec. 199A(b)(2)(A),
W-2 wages	0	(50% of 0 = 0, 25% of 0 = 0)	
UBIA of qualified property	0	(2.5% of 0 = 0)	Sec. 199A(b)(2)(B),
		(Wages Plus = 0)	
Net capital gains	0		Wages Plus equals greater of (i) 50% of wages or (ii) 25% of wages + 2.5% of UBIA of qualified property
Deductions not related to the business	(20,000)		Sec. 199A(a)(1)(A), (b) (QBI Component of CQBIA Limit = 0)
Taxable income (before 199A ded'n)	980,000		CQBIA limit equals lesser of 20% of QBI or Wages Plus, plus 20% of REIT & PTP (i.e., lesser of purple numbers)
Threshold amount	157,500		
Taxable income over net capital gains	980,000	(TI Limit = 20% x 980,000 = 196,000)	Sec. 199A(a)(1)(B),
Sec. 199A deduction	0		
		(Lesser of CQBIA Limit or TI Limit (i.e., lesser of red numbers))	Sec. 199A(a)(1)(A) and (B),

D, an unmarried individual, owns several parcels of land that D manages and which are leased to several suburban airports for parking lots. The business generated \$1,000,000 of QBI in 2018. The business paid no wages and the property was not qualified property because it was not depreciable. After allowable deductions unrelated to the business, D's total taxable income for 2018 is \$980,000. Because D's taxable income exceeds the applicable threshold amount, D's section 199A deduction is subject to the W-2 wage and UBIA of qualified property limitations. D's section 199A deduction is limited to zero because the business paid no wages and held no qualified property.