



Beth Blecker, RFC  
bblecker@easternplanning.com

Matthew Blecker, CFP®, CFA, M.B.A.  
mblecker@easternplanning.com

## Qualifying for the Qualified Business Income Deduction

The QBI deduction is 20% of qualified business income. Consider that a married professional filing jointly with taxable income up to \$315,000 or an unmarried, sole practitioner with taxable income of \$125,000 can likely claim the full 20% QBI deduction.

A qualifying service business includes any enterprise that predominantly concerns the performance of services in health, law, accounting, actuarial science, performing arts, consulting, athletics, financial services, brokerage services, or any trade or business where the principal asset of such trade or business is the reputation or skill of one or more of its employees. Engineering and architecture do not qualify for the QBI deduction.

A critical strategy may be to identify opportunities that may be able to reduce income of your small business. One strategy is to reduce personal income by increasing qualified retirement plan contributions. Keep in mind that QBI includes all income, including that from dividends and long-term capital gains. Tax-free bonds, life insurance and annuities may be able to provide a means for one to shift assets from dividend-paying stocks to help meet QBI limits.

Donor-advised funds (DAFs) are growing in popularity thanks to the new tax code. DAFs can be used to provide an instant tax deduction for the year in which the donation is made. The proceeds can be distributed at a later date. Cash, stocks or non-publicly traded assets such as real estate can be contributed to a DAF in exchange for a tax receipt and an immediate deduction.

Similarly, business owners over age 70 ½ should consider qualified charitable deductions (QCDs) to not only reduce taxable income but to also avoiding Required Minimum Distributions (RMDs)

Traditionally tax loss harvesting, the **selling of securities at a loss, has been used to offset a capital gains and reduce one's tax liability.** This strategy is typically employed to limit the recognition of short-term capital gains. Now it may also be able to help one meet QBI standards.

While the Tax Cuts and Jobs Act of 2017, for qualified businesses, the QBI deduction has the potential to lower tax liability. To help see if you qualify or to be referred to a tax professional who may be able to assist you, please visit: [www.easternplanning.com](http://www.easternplanning.com) or contact: [Susan@easternplanning.com](mailto:Susan@easternplanning.com) / 845-627-8300.

*securities and Advisory Services offered through Royal Alliance Associates, Inc. Member [FINRA/SIPC](#). Advisory Services and Financial Planning offered through Affiliated Advisors, Inc. A Registered Investment Advisor. Insurance services offered through Eastern Planning, Inc. Listed entities are not affiliated with Royal Alliance Associates.*

25 Smith Street, Suite 304  
Nanuet, NY 10954  
845-627-8300

[bblecker@easternplanning.com](mailto:bblecker@easternplanning.com)

800 Westchester Av, Suite 641N  
Rye Brook, NY 10573  
914-552-2718

[easternplanning.com](http://easternplanning.com)

easternplanning  
INC

*plan with confidence...enjoy life®*