



Qualified Business Income

Do you have income from a sole proprietorship, partnership, LLC, or S corporation? If so, you may be eligible for a new deduction called the Qualified Business Income (QBI) deduction. This deduction is not itemized, so taxpayers who take the standard deduction can take advantage of this benefit.

Generally, the deduction is 20% of your qualified business income, or 20% of taxable income (without capital gains). The deduction can be limited for higher income individuals or individuals in a Specified Service Trade or Business (SSTB), such as health, legal, and financial services, or any trade or business where the principal asset is the reputation or skill of one or more of its employees. The limitation only applies if a taxpayer's taxable income exceeds \$315,000 for a married couple filing a joint return, or \$157,500 for all other taxpayers. The deduction is phased out for joint filers with taxable income of \$207,500 or more and for all other taxpayers with taxable income of \$415,000 or more.

So, what does this mean to you? If you have a pass-through business, come see me about whether you need to adjust your estimated taxes to put more money in your pocket throughout the year.

Payroll Withholding

Determining how much to withhold from your paycheck can be tricky. Due to the *Tax Cuts and Jobs Act*, it got even more difficult last year when the IRS changed the withholding tables. Because some individual taxpayers may not have been able to accurately calculate the amount of their required estimated income tax payments for the 2018 tax year, the IRS is expanding the waivers for tax penalties related to underpayment.

If you withheld at least 85% of your current tax liability (in other years it was 90%), you can waive the penalties for underpayment. I can work with you to see if you qualify for this extended waiver, and help you plan better for next year.

Did You Know?

March 14 is Pi Day. Pi is the ratio of a circle's circumference to its diameter, and is a non-repeating, never-ending, decimal. With the aid of computers, we have calculated Pi to at least 22 trillion digits, although even the Jet Propulsion Laboratory only uses the first 15 or so. The rest of us know it as 3.14, which we can use to determine that one 18" pizza is more pizza than two 12" pizzas.

Important Tax Dates

- March 1 – Returns due for farmers and fishermen who don't pay estimated tax
- March 15 – Returns due for partnerships and S corporations
- April 15 – Returns due for individuals, fiduciaries, and C corporations (April 17 if you're in Maine or Massachusetts)

Quote Corner

"No matter what people tell you, words and ideas can change the world."

~ Robin Williams