PRODUCT & SERVICE GUIDE

IRS Issues Guidance on Sec 199A Deduction for RICs

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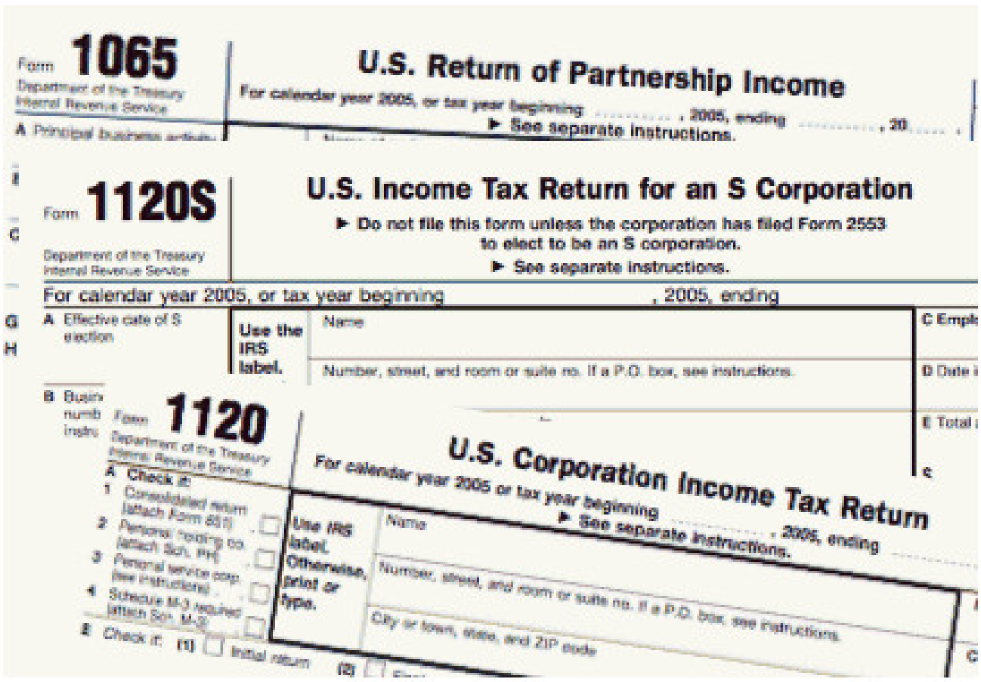
Jun. 24, 2020



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Section 199A, enacted as part the Tax Cuts and Jobs Act (TCJA), allows individual taxpayers and certain trusts and estates to deduct up to 20 percent of certain income (section 199A deduction).

The section 199A deduction is available to eligible taxpayers with qualified business income (QBI) from qualified trades or businesses operated as sole proprietorships or through partnerships, S corporations, trusts, or estates, as well as for qualified REIT dividends and income from publicly traded partnerships. The section 199A deduction is not available for C corporations.

The regulations issued today provide that a shareholder in a RIC may, subject to limitations, treat a section 199A dividend received from a RIC as a qualified REIT dividend for purposes of determining the section 199A deduction.

The regulations also provide additional guidance on the treatment of previously disallowed losses that are included in QBI in subsequent years and provide guidance for taxpayers who hold interests in split-interest trusts or charitable remainder trusts.

For more information about this and other TCJA provisions, visit IRS.gov/taxreform.

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