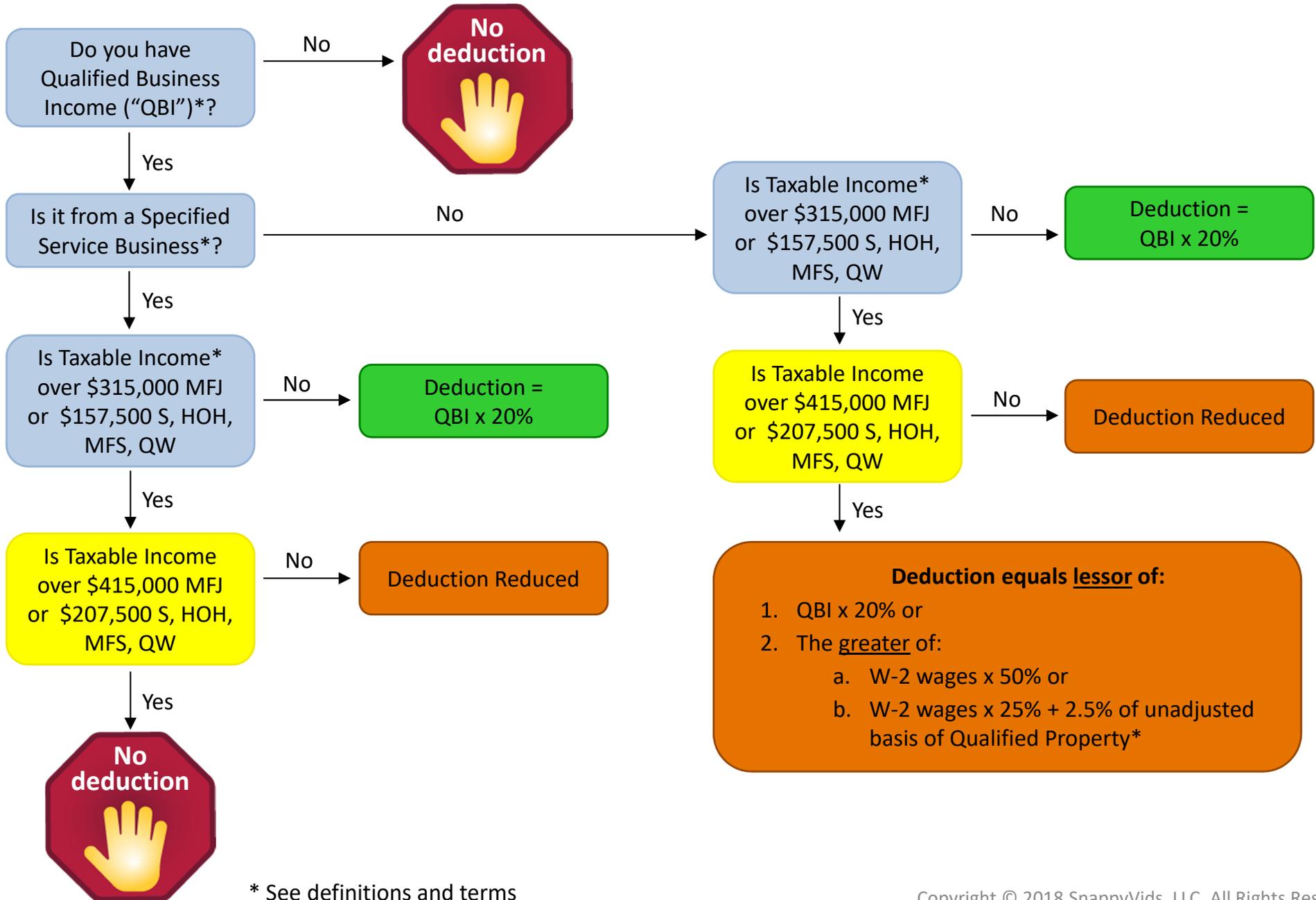


2018 QUALIFIED BUSINESS INCOME DEDUCTION FLOWCHART



* See definitions and terms

Definitions and Terms

Adjusted Gross Income (“AGI”) – All income minus business expenses, losses from the sale of property, rental expenses, educator expenses, student loan interest, etc. See Form 1040 Instructions for more information.

Head of Household (“HOH”) – Tax filing status for an unmarried individual who supports a qualifying child or relative. See Form 1040 Instructions for more information.

Married Filing Jointly (“MFJ”) – Tax filing status for a married individual who files a tax return with a spouse. See Form 1040 Instructions for more information.

Married Filing Separately (“MFS”) – Tax filing status for a married individual who does not file a tax return with a spouse. See Form 1040 Instructions for more information.

Single (“S”) – Tax filing status for an unmarried individual. See Form 1040 Instructions for more information.

Specified Service Business (“SSB”) – Any business activity involving the 1. performance of services in the fields of health, law, accounting, actuarial science, performing arts, consulting, athletics, financial services, or brokerage services, 2. any business where the principal asset of such business is the reputation or skill of one or more of its employees, or 3. any business that involves the performance of services that consist of investment and investment managing trading or dealing in securities, partnership interest, or commodities.

Taxable Income (“TI”) – **Adjusted Gross Income (“AGI”)** minus itemized deductions, exemptions (in 2017, but not in 2018) and **Qualified Business Income (“QBI”)** deduction (in 2018, but not in 2017). For the QBI deduction calculation, TI is determined before this deduction.

Qualified Business – Generally, any non-C Corporate business other than a **Specified Service Business (“SSB”)**. However, an SSB will qualify if the individual’s **Taxable Income (“TI”)** is less than \$207,500 if filing as S, HOH, MFS, or QW, or \$415,000 for MFJ, for tax year 2018. This threshold is adjusted for inflation each year.

Qualified Business Income (“QBI”) – The net amount of qualified items of income, gain, deduction, and loss with respect to any **Qualified Business** of the taxpayer. This does not include any qualified REIT dividends, qualified cooperative dividends, or qualified publicly traded partnership income.

Qualified Property for QBI Deduction – Tangible, depreciable, property used in a business for the production of **Qualified Business Income (“QBI”)** that is not more than 10 years old or past its last full year of depreciation, whichever comes later.

Qualifying Widow/er (“QW”) – Tax filing status for an unmarried individual who has a recently deceased spouse. See Form 1040 Instructions for more information.