



# TaxNewsFlash

## United States

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### Regulations pending OIRA review, section 199A and 20% deduction for passthrough business income

OMB's Office of Information and Regulatory Affairs (OIRA) today acknowledged receipt of final regulations from the Treasury Department as guidance concerning whether and to what extent an individual (including a trust or estate) is entitled to a deduction under section 199A with regard to trade or business income earned through a sole proprietorship, partnership, or S corporation.

OIRA has also received for review proposed regulations under section 199A as guidance for RICs and REITs (regulated investment companies and real estate investment trusts).

The regulations are described on the OIRA website as follows:

- [RIN: 1545-BO71](#): *Guidance under section 199A (computational)*

*Guidance on computations necessary in computing the deduction for qualified business income of pass-thru entities under new section 199A.*

- [RIN: 1545-BP12](#): *Guidance under §199A (RIC - REIT)*

Treasury regulations that are identified as "major" regulations are subject to review by OMB's OIRA before issuance, pursuant to Executive Order 13771.

#### Background

A new deduction is allowed under section 199A as added to the Code by the tax law (Pub. L. No. 115-97) enacted December 22, 2017.

The 20% deduction under section 199A generally is available for qualified business income of certain non-corporate taxpayers (including income from publicly traded partnerships and qualified REIT dividends) for tax years beginning after December 31,

2017. Eligible taxpayers can claim the 20% deduction for the first time on their 2018 federal income tax returns.

In August 2018, Treasury and the IRS released proposed regulations under section 199A. Read KPMG's report of initial impressions about the section 199A proposed regulations: [TaxNewsFlash](#)

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