



TaxNewsFlash

United States



No. 2019-187
April 16, 2019

Correcting amendments, final regulations under section 199A

The U.S. Treasury Department and IRS today released two items providing corrections and correcting amendments to the final regulations under section 199A relating to the qualifying business income deduction.

Section 199A was enacted as part of the tax legislation in the United States that is often referred to as the “Tax Cuts and Jobs Act” (Pub. L. No. 115-97, enacted December 22, 2017). Final regulations as guidance under section 199A were published in the Federal Register on February 8, 2019.

Read the [correcting amendments](#) [PDF 233 KB] and the [corrections](#) [PDF 233 KB].

Summary

While the corrections to the final regulations are primarily typographical in nature, they do provide one substantive clarification regarding aggregation of newly created or acquired “relevant passthrough entities” (RPEs).

The correction to Reg. section 1.199A-4(c)(3) provides—consistent with the original preamble to the final regulations—that an RPE may add newly created or acquired trades or businesses to an existing aggregated trade or business **including** the aggregated trade or business of a lower-tier RPE (assuming all other requirements are met). The language of the final regulations previously said such aggregation was possible “other than” for lower-tier RPEs.

These corrections and correcting amendments are applicable February 8, 2019 (the date of publication of the final regulations in the Federal Register).

- Read KPMG’s initial analysis of the final regulations under section 199A: [TaxNewsFlash](#) [PDF 3 MB]
- Read KPMG’s report of changes reflected in the final regulations as published in the Federal Register in February 2019: [TaxNewsFlash](#)

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