

Errata
Page 6-43

When the QBI deduction was created by the TCJA there was a change in how the amount of QBI was calculated. Initially, the IRS regs did not require the taxpayer to subtract the self-employment tax deduction from business income (Schedule C income, in the case of Chapter 6). When the final regulations were released, the SE tax deduction was noted as a required deduction from business income.

All tax return problems in the book properly subtract the SE deduction from business income. However, the explanation on page 6-43 was not modified to reflect the final regulations. The second paragraph on page 6-43 should be modified to state that the Form 1040 line 10 deduction is 20% of Schedule C income minus the SE tax deduction on Schedule 1 of Form 1040.