

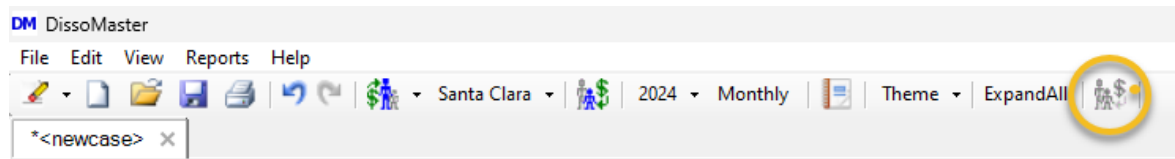
## Release 2024-2 includes following Enhancements and Bug Fixes

The Dissomaster Child Support calculations for Family Law Code changes effective September 1, 2024 have been re-certified by the California Judicial Council. Certification is effective from September 1, 2024 through March 31, 2025.

### Taxes and Calculations

Corrected the state tax treatment, related net income and percentages for certain levels of 9.3% elective PTE payment.

Corrected calculation of child support where net income equaled three of the breakpoints on the child support K factor charts effective September 1, 2024.



Corrected the CA state tax treatment of spousal support for filing status MFJ-Out.

Corrected behavior of child support add-on calculations when toggling the Add-ons calculations method.

Added a Toolbar control to toggle between Child Support calculations method effective prior to or on/after September 1, 2024.

Corrected calculations when User-specified CS amount is selected.

### Reports

Dissomaster report reduced to one page.

Corrected inconsistently reported net income amounts and percentages in Dissomaster report and Formal report in specific cases.

Added notice on Results tab to notify user if Guideline CA FAM 4055 Effective from September 1, 2024 is set to Yes or No.

## Release 2024.1 includes the following enhancements and Bug Fixes

### Taxes and calculations

- Inflation adjustments for 2024 federal tax numbers per the IRS.
- Inflation adjustments for 2023 California tax numbers per the Franchise Tax Board.
- Updated California SDI rate to 1.1% and removed the taxable wage limit for 2024 and forward per Senate Bill 951.
- Updated Low Income Adjustment (LIA) amount for 2024 per the Judicial Council of California.
- Updated Low Income Adjustment (LIA) amount for new cases initiated on or after September 1, 2024, per Senate Bill 343.
- Added calculation for Child Support effective September 1, 2024, per Senate Bill 343.
- Corrected effect of User calculated state tax amount in determining Net disposable income.
- Modified treatment of 9.3% elective PTE payment. The payment is now included as part of Gross income and Net Disposable Income for support purposes.
- Corrected issue regarding inclusion of Other taxable income items in certain scenarios.

### Case Data

- If user selects Filing status Married filing separately-IN for one party, the other will automatically change to Married filing separately-IN.

### Support Tab

- Added toggle for 'Use guideline CA FAM 4055 effective September 1, 2024'.
  - Current default is "No".
  - Default to "Yes" for any case initiated on or after September 1, 2024, or if user selects calculation for 2025.
  - If "Yes" is selected, Low Income Adjustment (LIA) amount is set to new LIA amount per Senate Bill 943.
  - If "Yes" is selected, Add-ons calculation method will change to Allocate per CA Fam 4061, (i.e. calculation per Senate Bill 943).

### Senate Bill 343

- Specifically adds "...severance pay, veterans benefits that are not based on need, military allowances for housing and food..." to Annual Gross Income.
- Modifies salary ranges and related calculations in determining child support.
- Changes the allocation of child support add-ons to be based on net income instead of 50/50.
- Changes the LIA amount to be tied to California minimum wage.

## **Release Notes for CFLR Suite 2023-2**

### **Taxes and calculations**

- Added IRS Forms 8995-A Qualified Business Deduction and 8995-A Schedule A Specified Service Trades or Businesses. Displays the inputs and calculations from the QBID tab.
- HSA contributions reduce taxpayer income subject to FICA and Medicare taxes.
- Maintain CA personal exemption credit for MFJ when # federal exemptions - Auto calculate exemptions is set to No in Case Data.

### **Tax Settings**

- Added selection for Include Additional (refundable) Child Tax Credit. Default is Yes.

### **Spousal support calculation**

- If user selects User specified payment as Spousal support formula, Spousal support adjustment is automatically set to Floating shares to maintain specified amount regardless of tax change effect on Net Disposable Income.

### **Reports**

- Added Smith/Ostler Bonus Attachment to detail all aspects of future payments of child support and/or spousal that may be required on incremental income. Included inputs section under Report Settings and added Help under Report Definitions.
- Maintain appropriate payor in Dissomaster report and Child and Spousal Support Order if user selects party with lower net income as Payor in Spousal support-User-specified payment.
- Corrected header misalignment on additional pages of Bonus and Input Variation Reports.
- Corrected calculation on Bonus and Input Variation Reports where the party selected for the report was originally the recipient of child support (CS) and spousal support (SS) but the party's increased income result in the party now the payor of both CS and SS.

# Release Notes for CFLR Suite 2023-1

## Taxes and calculations

- Inflation adjustments for 2023 federal tax numbers per the IRS.
- Inflation adjustments for 2022 California tax numbers per the Franchise Tax Board.
- Updated Low Income Adjustment (LIA) amount for 2023 per the Judicial Council of California.
- Updated the CA Schedule P report to properly display Misc. ordinary income.
- Updated logic related to CA Itemized deductions versus Standard deduction in tax years 2021+.
- Updated NIIT state tax allocation for 2021+.
- Updated the tax allocation for MFJ-out to be based on taxable income rather than gross income.
- Updated Schedule CA to include Adjustments to Federal Itemized Deductions related to state tax deduction limitations and miscellaneous deductions.
- Updated the calculation of the CA Exemption phaseout related Blind and/or over 65.

## Case data

- Updated 'Other taxable income' logic.
- Updated Social Security tooltip and Help file.

## Taxes tab

- Updated General Tax Settings to include a State and Federal Registered domestic partner support deductibility setting.

## QBID tab

- Allow reset of Wages entry after initial entry.

## Reports

- Added single header line to page 2 of Bonus report.
- Updated Findings and Rebuttals report to include disallowed losses.
- Included the CA Exemption Phaseout schedule in State Tax Forms.

## General

- Configured installer to replace existing installed builds, instead of adding new entry.
- Updated the System Requirements in the Help file.

## Release Notes for CflrSuite 2022-3

### UI Updates

Expand and collapse all the fields in Case Data with just one click  
Rename Adjustments to Income field in Case Data and remove SS paid other marriages text from ATI wherever applicable  
Eliminate blank spaces in copied text on License Key page  
Estimated year change for Form 540 line 98, and line 72 are now dynamically added  
Font size for All Reports is now increased, based on popular demand.  
Schedule CA form 540 label 29,30 updated to show whole numbers, instead of decimal values.

### Calculation Changes

Incorporate Capital Gain table changes for the year 2023  
WHA and Net wage paycheck references from cashflow tab and reports are removed as they are not valid anymore.  
CA Form 540 is now updated to match the new California government form.  
CA AB150 and related CA SB113 allow PTE's (i.e., S Corporations, certain qualifying partnerships or limited liability companies that are disregarded for federal tax purposes) to pay an elective tax of 9.3% of qualified net income. A credit is allowed for the specified percentage of a partner's, shareholder's, or member's pro rata share or distributive share, as applicable, of income subject to the elective tax paid by the entity.  
This provision is applicable to all tax years beginning on or after January 1, 2021, and before the earlier of January 1, 2026, or the date the federal tax provision limiting state and local taxes to \$10,000 is repealed. The election to pay this elective tax is made at the partner level and is irrevocable.  
Incorporate PTE Tax payment line in Case Data and its impact on Schedule CA form 540  
Upon user selecting MFS, EIC value is not calculated in form 1040.  
Disallowed business deductions/expenses should be treated as negative and should get deducted from Other Guideline Adjustments

### Bug Fixes

JavaScript error is displayed in reports when launching federal or state forms after setting the state tax or federal tax to No  
Dissomaster crashes when an entire row is selected and enter button is clicked  
Order in which Monthly/Yearly is incorporated under other fields of case data are not in sync with wages

### IPAD

Dissomaster Crashes, when user tries to launch State forms when 'Include state taxes and credits' is set to 'No' for either of the parties  
Incorporate Capital Gain table changes for the year 2023  
Rename Adjustments to Income field in Case Data and remove SS paid other marriages text from ATI wherever applicable  
Make Federal/State forms conditional depending on Tax settings  
CA AB150 and related CA SB113 allow PTE's (i.e., S Corporations, certain qualifying partnerships or limited liability companies that are disregarded for federal tax purposes) to pay an elective tax of 9.3% of qualified net income. A credit is allowed for the specified percentage of a partner's, shareholder's, or member's pro rata share or distributive share, as applicable, of income subject to the elective tax paid by the entity.  
This provision is applicable to all tax years beginning on or after January 1, 2021, and before the earlier of January 1, 2026, or the date the federal tax provision limiting state and local taxes to \$10,000 is repealed. The election to pay this elective tax is made at the partner level and is irrevocable.  
Incorporate PTE Tax payment line in Case Data and its impact on Schedule CA form 540  
CA Form 540 is now updated to match the new California government form.  
Estimated year change for Form 540 line 98, and line 72 are now dynamically added  
EIC calculations in IPAD not matching with desktop calculations, fixed now

## Release Notes for CflrSuite 2022-2

This release (2022-2) includes the following enhancements and bug fixes:

### Dissomaster

- Renaming case data doesn't change the file name in the report footer.
- Application not properly allocating tax between parties where filing status is Married filing jointly in limited situations.
- Application not properly displaying totals in the Overtime Wages Report and the Bonus Wages Report in limited situations.
- Input variation report will not revert to Guideline input variation after Proposed Input Variation report is viewed.

## Release Notes for CflrSuite 2022-1

This release (2022-1) includes the following bug fixes and enhancements:

### New Feature

- Allow the user to email to the client or other recipient a case data file, either the default case data file or a specific client case data file in spreadsheet format. The updated spreadsheet when returned can be opened in Dissomaster. See the help file for more information.

### Taxes-calculation

- Implemented inflation adjustments for 2022 federal tax numbers per the IRS.
- Implemented inflation adjustments for 2021 California tax numbers per the Franchise Tax Board.
- Modified the state and local tax calculation in federal tax deductions for tax year 2017.
- Modified the investment income limitation in calculation of federal earned income tax credit for tax year 2020.
- Added calculation of the federal unemployment compensation exclusion for tax year 2020. Properly calculate the CA childcare credit in tax year 2021.

### Child Support-calculation

- Updated the threshold for the Low Income Adjustment (Family Code Section 4055) as provided by the Judicial Council.

### Case Data

- If MFS filing status is selected automatically displays a line below Filing Status, "Separated but qualified for Fed EITC". Default selection for this line is No. If Yes is selected, then Federal EITC is calculated if applicable.
- Allow the user to input the amount of Child support add-ons: Child care: kids this relationship that qualifies for the childcare tax credit for children turning 13 in the selected year. The program will prorate the amount based on months before the child turns 13 but the user can enter a more accurate amount if applicable

### Children tab

- Custodial settings-Allow 50/50 fixed percentage for each parent.

### Taxes tab

- If user enters an amount in the User Calculated State Tax Amount all other State Tax Settings are disabled. Also, the user will receive a warning that an entry on this line will set the Adjustment factor to zero.
- Moved the "State where sate tax return filed" to the Parties tab.

## Reports

### Cash Flow

- Added a line to display the Mental Health Services Tax in the Form 540 detail.

### Dissomaster Report

- Added detailed lines for sources of Other taxable income, i.e., Short term capital gains, Long-term capital gains, etc.
- Removed details lines for sources of New-spouse income.
- Added dynamic source description for Health Insurance

### Multiple reports

- Removed the number of withholding allowances (#WHA) and related Net wage paycheck detail lines. These lines were relevant for divorces finalized prior to 1/1/2019 when spousal support paid or received could significantly affect appropriate tax withholding.
- If user selects No for Support-Calculate child support reports show “blocked” for all child support lines in all reports.

### General

- All references to the non-custodial parent have been changed to “second parent”.
- Modified tab order for consistency of tab selection as well as data entry/selection for all detail lines for the selected tab.
- Dissomaster will always open as Maximized, i.e., fills a whole window when opened.
- A “Support” selection has been added to the Help menu.

### Release Notes for CflrSuite 2021-2

This release (2021-2) includes the following bug fixes and enhancements:

### Dissomaster

- **Case Data**
  - Dissomaster will automatically add the amount entered as Ordinary Dividends to Qualified Dividends. The user can override the amount entered in Qualified Dividends.
  - The Tool Tip for Hardship Factor cites the relevant Family Code Section, §4071.
  - Added a new line for Partner support paid other partnerships. This new line also appears in the relevant reports including: Dissomaster, Findings and Rebuttals, and Income and Expense. Amounts entered here also are carried to the appropriate Federal and California tax forms. Please see the Dissomaster Manual for additional information.
- **Children tab**
  - Changed the acronym NCP to Secondary Parent. This was also accomplished for any reference to NCP in the Dissomaster Manual.
- **Parties tab**
  - Added a line for each party’s zip code.
  - Added a Judicial Officer to the selections for Relationship in the Attorney Information.
- **Taxes tab**
  - Added a line for the user to enter a User Calculated State Tax dollar amount.
  - Added a setting in General Tax Settings to release all exemptions. User can select Yes and save as default to release the dependent exemption for any children (see the Children tab) added for the party.
  - Added a State Tax Setting to include the California Earned Income Credit.
- **QBID tab**
  - Modified the functionality of the QBID worksheet adding a Calculate button to allow user to make changes to the data before saving the worksheet.
  - Modified calculation of Taxable income before QBID when more than one QBID worksheet is added.
- **Cash Flow Display Tab**
  - Modified to properly display Child Tax Credit, Child Care Credit.
- **Reports**
  - Added a Report Setting for Show/Hide Non-Input Data. Select this option to display only non-zero items in the Dissomaster and the Detailed Input Data reports.
  - Added the Net Spendable Income change from guideline in the Proposed Support area section of the Formal Report.
  - Provided clearer labeling for the Bonus and Overtime Report settings, Proposed Variation Report.
  - The Qualified Business Income Deduction (QBID) report can only be displayed if there is data in a QBID worksheet.
  - Automatically display the Form 1040 Schedule 1 when non-zero Spousal support received is taxable.
  - Eliminated the duplicated display of Recurring other medical, dental, and drug expense in the Formal Report.
  - Modified “LIR” to “Low Income Range” in the Results Tab.
  - Corrected the calculation of Line 10 Form W-4-Deductions and Adjustments Worksheet.

- Program modified to properly include or exclude Alimony received on line 11a of California Schedule CA (Form 540) depending on federal tax treatment of the alimony.
- Modified rounding process to round each line of the Form 1040.
- Modified labels for W-4 worksheets in Report Selection.
- Modified data presentation to italicize cost to other party on the Two-way Bonus Report to determine amounts to Mother or Father more easily on a report printed in black and white.
- **Program processes and general changes**
  - Changed the text of the program expiration message.
  - Updated to properly cite legal references.
  - Added a confirmation pop-up for “Save as default”.
  - Added progress indicators for program download and Check of Updates.
  - Enhanced logging of program processes.
  - Added ability to send log file via email to analyze and resolve any reported program issues more quickly.
  - Resolved a program issue when certain selections were made in the Taxes tab.

#### **Propertizer**

- Resolved issue where program stopped when user attempted to print property item category for specific case data files.

#### **Executioner**

- Improved printing to eliminate overlapping fields.
- Changed Issuance fee from \$25. To \$40.

### **Release Notes for CflrSuite 2021-1a**

#### **American Rescue Plan Act of 2021**

##### **For 2021 only**

- **Child Tax Credit**

- Calculate additional credit for children under six (\$1,600) or under 18 (\$1,000).
- Calculate any AGI limitations to additional credit.
- Modify calculations to include children age 17.
- Modify calculations to make credit is fully refundable.
- Modify appropriate federal tax forms.

- **Child and Dependent Care Credit**

- Modify calculations to allow for increased maximum allowable expenses.
  - \$8,000 for one child, \$16,000 for two or more children.
- Modify maximum percentage of allowed expenses to 50\$.
- Modify credit phaseout table.
- Modify calculations to make credit is fully refundable.
- Modify appropriate federal tax forms.

- **Federal Earned Income Credit**

- For taxpayers with no qualifying children:
  - Modified amounts and percentages.
  - Modified taxpayer’s qualifying age.
- For all taxpayers:
  - Added new Filing Status to allow for eligibility of certain Married Filing Separate filers.
  - Increased disqualifying investment income to \$10,000.
  - Modify appropriate federal tax forms.



### **For 2020 and 2021**

Added line in Case Data for **Credit for Paid Sick and Family Leave**.

Modified calculations to allow for this credit.

Modify appropriate federal tax forms.

### **New case data lines**

#### **Separated but qualified for Fed EITC**

Select Yes or No. Default is No.

The American Rescue Plan Act of 2021 allows certain taxpayers with the filing status Married filing Separately to qualify for the Earned Income Tax Credit, (EITC) in tax year 2021.

To qualify the separated taxpayer

- Lived with the child more than half of the year and
  
- Did not live with the spouse for the last six months of the year or has a separation agreement and did not live with the spouse at year-end.

#### **Credit for Paid Sick and Family Leave**

The American Rescue Plan Act of 2021 increased and extended a refundable credit for self-employed paid sick leave due to Covid. An amount entered here will be added to federal refundable credits.

Applicable to 2020 and 2021 only.

Please visit the IRS website for additional information and a guide to determine the credit amount.

### **Release Notes for CflrSuite 2021-1**

- Change to default deduction settings
- EIC calculation change
- Fix for menu bar display issues
- Script error resolved
- Fix federal AMT calculation
- QBID display issue in Case Data tab
- Update medical expense tax for CA Schedule 540
- Change to Parties tab when selecting Mediator
- Educator Expense change
- Fix SS County Mapping issue
- Add warning message when Case Data values generate Undefined Support values
- Fix column width on Reports to support 10M+ numbers
- When appropriate, carry forward Miscellaneous itemized deductions under Case Data tab
- Fix issue with number of dependents qualified for other dependent credits in Form 1040
- Hide children's DOB
- Enhance display of QBID tab so all buttons are visible
- Fix date fields in Executioner to display correct date values
- Federal AMT calculation now properly deducts QBID
- Fix display issues in QBID and Case Data tabs
- Fix issue with Deduction Method on taxes tab defaulting to Itemized when filing status is set to MFS

- Change medical expense tax for CA Schedule 540
- Store Variation Report Settings in data model
- Updated Mediator selection on Parties tab
- Updated 401(k) tooltip
- Updated ATI
- Change Cash Flow label on 1040 & 540 forms
- Tax related updates for 2021
- Modify context help for tuition fees under adjustments to income
- Updated QBID context help in Case Data tab

#### Release Notes for CflrSuite 2020-2a

- Propertizer report formatting fix;
- Alternative Minimum tax calculation fix;
- Address script errors when running application as a non-admin user;

#### Release Notes for CflrSuite 2020-2

- Changed federal Form 1040 to a two-page form;
- Added the supporting 1040 Schedules 1, 2 and 3;
- Made bracket amounts that appear in various Federal forms to be dynamic based on the year selected (e.g. If 2019 is selected, the bracket amounts appearing on the Qualified Dividends and Capital Gain Tax Worksheet(Form 1040) lines 8 and 15 reflect the proper amounts for that year.);
- Form 8917, Tuition and Fees Deduction will now display where applicable in the tax years where this deduction is allowed

#### Release Notes for CflrSuite 2020-1a

- Updated the California Earned Income Credit to allow credit for earned income to \$30,000 per California Revenue and Taxation Code §17052.
- Updated the Executioner install package.
- Fixed an issue with date controls used in Executioner.

#### Release Notes for CflrSuite 2020-1

- Dissomaster now complies with California Rule of Court 5.275 regarding display of the **LIA range**.
- DissoMaster now contains 2019 actual taxes along with 2020 and 2021 actual and estimated taxes.
- Pressing "**Ctrl+p**" in DissoMaster reports page will now display print preview dialog.
- DissoMaster now computes **Young Child Tax Credit (YCTC)** when calculating CA EITC
- Executioner now allows "Start Date" and "End Date" in "New Payment Schedule" dialog to be set by editing text in the control.
- Fixed an issue in Executioner caused by rounding of Daily Interest Rate that resulted in errors in Form EJ-130.

This update contains numerous bug fixes and enhancements, some of which include:

#### **DissoMaster 2018-2**

- Fixed bug which caused trial versions to receive error message upon conclusion of trial period.
- Fixed bug which prevented name and firm name from appearing on report footer.
- Made Save and Cancel buttons on QBID worksheet static.

#### **Propertizer 2018-2**

- Fixed bug which caused incorrect printing.

Thank you for your continued support of DissoMaster and for your comments about the software program. Your feedback is very important to us. Please contact us with comments or suggestions at (800) 747-3161 or **Error! Hyperlink reference not valid.**

#### **DissoMaster 2018-1**

- **New Key code.** All users have been issued new key codes. Simply enter your Thomson Reuters account number and email address and the new key code will seamlessly be authenticated and take you to DissoMaster. Don't know your account number? Contact The Rutter Group at 800-747-3161, x3 or [west.rutter\\_customer\\_service@thomson.co](mailto:west.rutter_customer_service@thomson.co)**Error! Hyperlink reference not valid.**
- **Added QBID tab.** The QBID tab allows you to create a worksheet to calculate the qualified business income deduction. The deduction is transferred to the main screen.
- **TCJA effects.** Tax year 2019 spousal support is nondeductible for the payor and nontaxable to the payee for federal tax purposes.
- **Added:** (Deductible) and (Nondeductible) labels next to the county SS on the Results screen. Deductible refers to federal taxes as California law remains unchanged and SS paid is still deductible for California state taxes.
- **Fixed:** various bugs

#### **Propertizer 2018-1**

- Fixed bug that caused renumbering and sorting.

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## DissoMaster Version 2017-2

DissoMaster 2017-2 incorporates tax updates from the Tax Cuts and Jobs Act of 2017 (TCJA). Most TCJA personal income tax changes sunset after 2025; changes re spousal support deductibility are “permanent.

This updated instruction set (2/15/2018) includes general changes and additional information and examples on the TCJA’s qualified business income deduction, including taxable income limitations. While DissoMaster Classic 2017-2 includes most TCJA changes, DissoMaster Classic will not be updated to 2018-1. Classic 2017-2 does not include the new pass-through business income deduction discussed below. Cases with this deduction should use DissoMaster. DissoMaster imports DissoMaster Classic case files. To assist in your transition to DissoMaster, free training is available at (800) 953-4357.

Below is a list of significant TCJA-related DissoMaster changes and comments.

Absent from the change list below is mortgage interest. The maximum amount of acquisition debt permitted to generate itemized interest deductions for new loans is reduced by TCJA, and deductible home equity interest is repealed if not used for acquisition debt — but the way you enter them in DissoMaster is the same. With the reduction in eligible itemized deductions and the near doubling of the standard deduction, there will be far fewer cases using itemized deductions going forward.

In the change list below, all figures are annual and apply to 2018 unless noted otherwise.

## DissoMaster 2017-2 TCJA CHANGE LIST

1. Changes in individual tax rates and brackets. (Listed in Tax Data tab.
2. Personal and dependent exemptions are now \$0. The Child Tax Credit remains tied to dependent exemptions.
3. The standard deduction nearly doubles. Additional standard deductions for senior and blind continue.
4. Charitable contributions: 50% cap raised to 60%.
5. Itemized deduction cap on state tax is now \$10K (\$5K MFS). This applies to property tax plus the higher of state income tax or sales tax.
6. Medical expense floor returned to 7.5%-of-AGI for 2017 and 2018.
7. Miscellaneous itemized deductions repealed.
8. Overall phaseout of itemized deductions repealed.
9. Individual Alternative Minimum Tax reduced, thus fewer AMT cases.
10. Child Tax Credit increased to \$2K per kid (\$1,400 refundable).
11. New Family Tax Credit (uncommon special user entry required)

There is a new \$500-per-dependent credit (Family Tax Credit) for certain dependents ineligible for the \$2,000 CTC. DissoMaster calculates this for a child too old for the \$2,000 credit. To add the credit for other dependents, use nontaxable income. As always, provide birth dates for children both to figure credits and to order them for child support allocation.

12. Deduction on pass-through income (special user entry required).

(a) This is a significant new deduction that will be straightforward in some cases but complex in others. We provide here some general information; consulting your forensic will often be important. Also, rules and interpretations will change over time.

(b) Beginning in 2018, taxpayers may deduct up to 20% of “qualified business income” (QBI) from pass-through entities, including many sole proprietorships, S-corporations, LLPs, LLCs and partnerships with pass-through income. No deduction is available for C corporations or LLCs taxed as C corporations. The deduction may be limited or excluded based on a number of factors. Guaranteed payments for partner services and S-corp wages don’t count as QBI. Nor do capital gains, interest income and dividends. See new IRC Section 199A.

(c) DissoMaster Version 2017-2 includes a new entry line — located above itemized deductions.

The factors used for the QBID are complex. E.g., some provisions apply to doctors and lawyers but not engineers and architects. Pass-through entities may reorganize to acquire the deduction. Technical corrections and/or IRS regulations and guidance will clarify many of the QBI issues under intense scrutiny and discussion within the accounting community. (d) There are different rules depending on the individual's taxable income. A highly simplified overview follows for estimation purposes.

Case 1: Individual's taxable income before the QBI deduction is below a threshold of \$157.5K or \$315K (MFJ).

The deduction is 20% of the lower of (1) QBI or (2) taxable income before the QBI deduction and net of capital gains.

Example 1:

Pat has \$100K QBI and \$150K taxable income, including spousal support paid or received in 2018, before the QBI deduction.

Result: QBI deduction = 20% x \$100K = \$20K.

Example 2:

In this example, Pat's taxable income becomes the limiting factor.

Pat, filing Single, has QBI of \$100K, pays \$10K spousal support in 2018 and claims a \$12K standard deduction. Pat's taxable income is \$78K (= \$100K - \$10K - \$12K), which is less than QBI.

Result: QBI deduction = 20% x \$78K = \$15,600.

Case 2: Individual's taxable income is above \$207.5K or \$415K (MFJ). (Increases of \$50K and \$100K, respectively.)

Here, there are additional limitations to the 20%-of-QBI/TI, including:

(1) Wage and asset limits. The QBI deduction is limited to 50% of the party's allocable share of the entity's W-2 wages paid. Or, if larger, 25% of allocable W-2 wages paid plus 2.5% of the allocable acquisition cost of depreciable business property. Again, the QBI deduction cannot exceed 20% of the QBI or 20% of taxable income net of capital gains, whichever is lower.

Example 3:

Pat's taxable income and QBI are \$400K and \$300K, respectively. Pat's allocable share of the entity's wages paid and assets described are \$50K wages paid and \$100K qualified assets.

Result: QBI deduction is limited to the greater of \$25K ( $=50\% \times \$50K$ ) or \$15K ( $=25\% \times \$50K + 2.5\% \times \$100K$ ). The \$25K is not limited by 20% of QBI or 20% of taxable income net of cap gains in this example. QBI deduction = \$25K.

(2) Specified service trade or business. For many but not all trades that rely on the "reputation or skill of one or more employees" the QBI Deduction is \$0 above the \$207.5K/\$415K taxable income levels. These trades include, but are not limited to, the fields of health, law, accounting, actuarial science, performing arts, consulting, athletics, and financial and brokerage services. Practicing engineers and architects are not subject to the limitation.



Example 4:

Robin practices law and has taxable income of \$500K.

Result: Being in a specified service business and over the taxable income limits, Robin's total QBI deduction is \$0.

(3) Farmers have other limitations based on cooperative dividends.

Limitation phase-in: For taxable income between \$315K to \$415K (MFJ) or \$157.5K to \$207.5K (other statuses), any limitation phases in. This includes limitations based on wages, assets or specified trade.

(e) For 2018 cases with deductible spousal support, the QBI deduction changes AGI and therefore taxable income. After entering the deduction, recheck taxable income before the deduction and adjust the deduction if necessary. Taxable income is shown in the Cash Flow tab as well as in the tax reports.

(f) QBI, wages paid and qualified assets count only if domestic.