

**PART II—DEDUCTION FOR
QUALIFIED BUSINESS INCOME OF PASS-
THRU ENTITIES**

SEC. 11011. DEDUCTION FOR QUALIFIED BUSINESS INCOME.

(a) **IN GENERAL.**—Part VI of subchapter B of chapter 1 is amended by adding at the end the following new section:

“SEC. 199A. QUALIFIED BUSINESS INCOME.

“(a) **IN GENERAL.**—In the case of a taxpayer other than a corporation, there shall be allowed as a deduction for any taxable year an amount equal to the sum of—

“(1) the lesser of—

“(A) the combined qualified business income amount of the taxpayer, or

“(B) an amount equal to 20 percent of the excess (if any) of—

“(i) the taxable income of the taxpayer for the taxable year, over

“(ii) the sum of any net capital gain (as defined in section 1(h)), plus the aggregate amount of the qualified cooperative dividends, of the taxpayer for the taxable year, plus

“(2) the lesser of—

“(A) 20 percent of the aggregate amount of the qualified cooperative dividends of the taxpayer for the taxable year, or

“(B) taxable income (reduced by the net capital gain (as so defined)) of the taxpayer for the taxable year.

The amount determined under the preceding sentence shall not exceed the taxable income (reduced by the net capital gain (as so defined)) of the taxpayer for the taxable year.