Advanced Tax Planning: QBI Override

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Under the Advanced Tax Planning feature there is a way you can model additional tax liabilities and credits that are not captured in other places in the structured income plan so that you can calculate future tax estimates as accurately as possible. This guide will walk you through using the Advanced Tax Planning features. This tool allows you to model additional tax liabilities and credits. By including these details, you can calculate future tax estimates as accurately as possible.

One valuable opportunity to potentially lower your tax burden is the Qualified Business Income (QBI) deduction. This provision allows eligible taxpayers with "pass-through income" business earnings reported on their personal tax returns to deduct up to 20% of their qualified business income. Understanding what constitutes QBI, defined as the net profit or loss from your qualified trade or business, is the first step towards unlocking these potential savings.

Once you've determined the potential Qualified Business Income (QBI) deduction for a client, you can incorporate it into SIPS using the following steps. Below is a hypothetical example of a client that has a QBI deduction for a span of 7 years of \$25,000.

If you haven't followed the steps to ensure your accounts, incomes, and expenses are setup correctly for Advanced Tax Calculations, see articles:

- Tax Calculation Options: Adding Assets into a Structured Income Plan
- Tax Calculation Options: Adding Incomes and Expenses into a Structured Income Plan

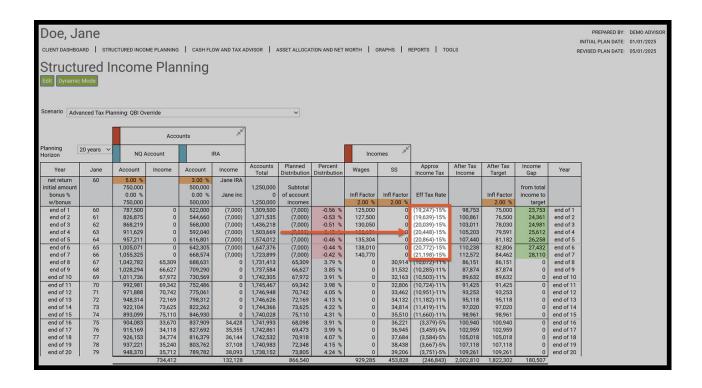
To learn more about Advanced Tax Planning functions see articles:

- Understanding the Advance Tax Planning Page
- Capital Gains Not in Accounts
- Other Schedule 1 Income: a K1 Hypothetical Example
- Other Schedule 1 Income: An Employer Match 401(k) Hypothetical Example
- Income Adjustments
- Schedule A Override
- QBI Override
- Tax Credits
- Approx. State Tax

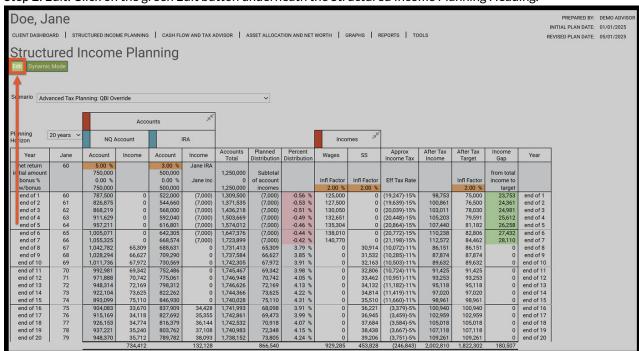
To learn more about forecasting effective tax rates see articles:

• Part One: Forecasting Effective Tax Rates While the Client is working

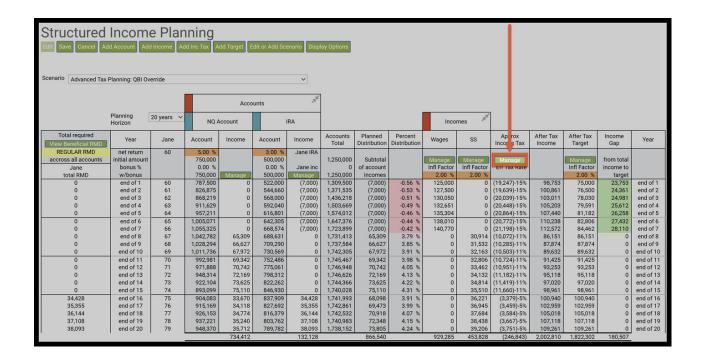
Step 1: Approx Income Tax Column Year 1 to 7: Note the amounts that are in the income tax column year 1 to 7.



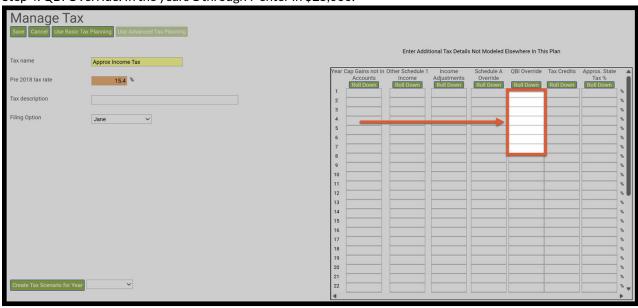
Step 2: Edit: Click on the green Edit button underneath the Structured Income Planning Heading.



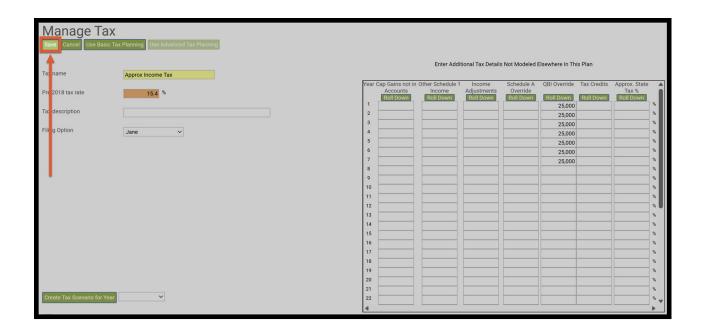
Step 3: Manage: Click on the green Manage button within the Approx Income Tax column.



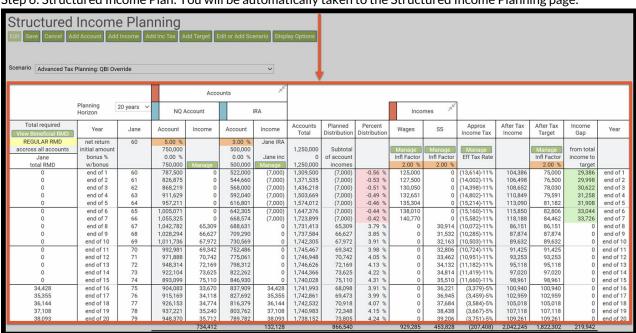
Step 4: QBI Override: In the years 1 through 7 enter in \$25,000.



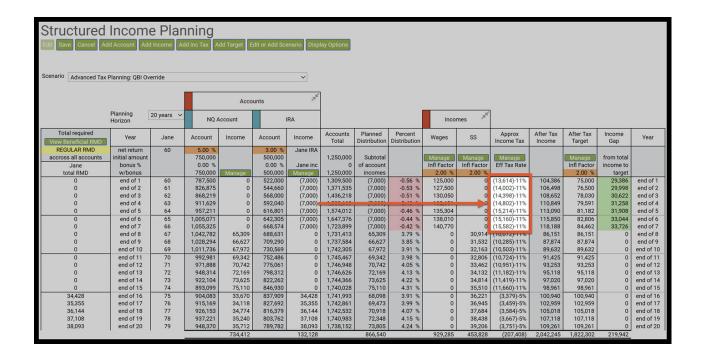
Step 5: Save: Click on the green save button underneath the Manage Tax Heading.



Step 6: Structured Income Plan: You will be automatically taken to the Structured Income Planning page.

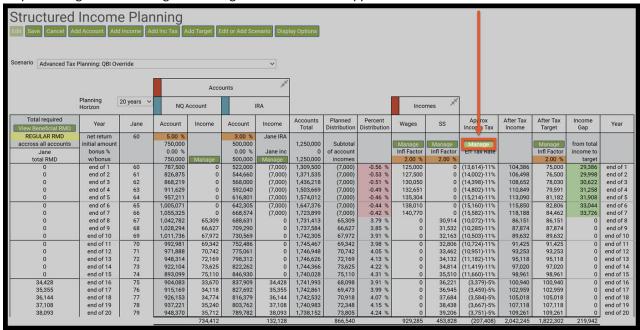


Step 7: Approx Income Tax Column: Years 1 through 7 amounts should automatically have been adjusted.

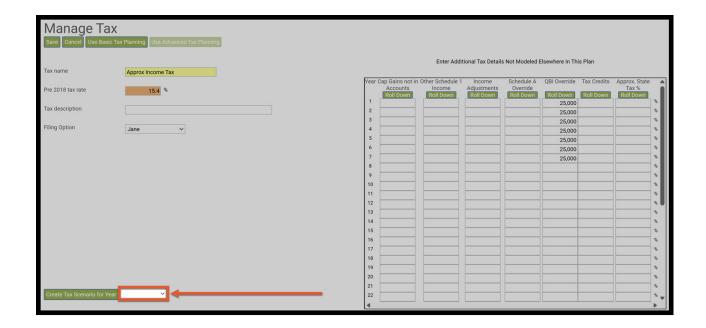


To understand the calculation process, follow the steps below. You will create a scenario in the Cash Flow and Tax Advisor page that has all of the details SIPS uses to calculate taxes for that year.

Step 8: Manage: Click on the green Manage button within the Approx Income Tax column.



Step 9: Dropdown Arrow: Click on the dropdown arrow and select 2025 (year 1).



 $Step \ 10: Create \ Tax \ Scenario \ for \ Year: Click \ on \ the \ green \ Create \ Tax \ Scenario \ for \ Year \ button.$

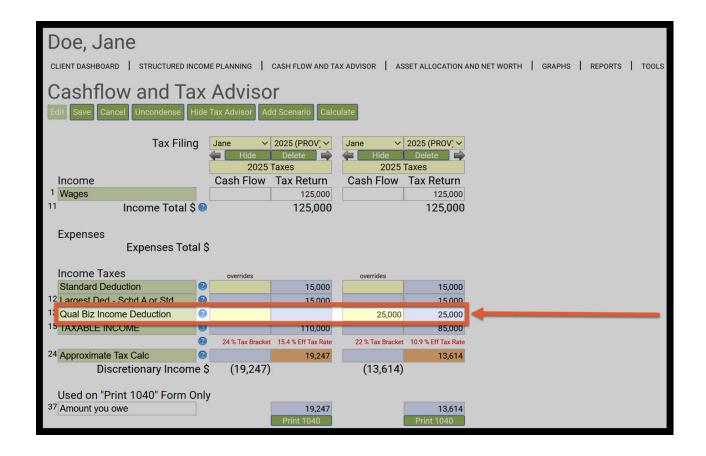
Step 11: Cash Flow and Tax Advisor: You will automatically be taken to the Cash Flow and Tax Advisor page, where the new tax scenario will appear on the right hand side of the screen.



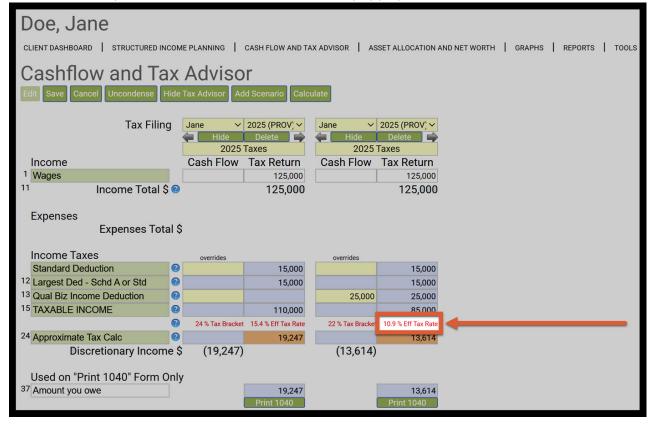
Step 12: Condense: Click on the green condense button underneath the Cashflow and Tax advisor Heading to condense the displayed data..



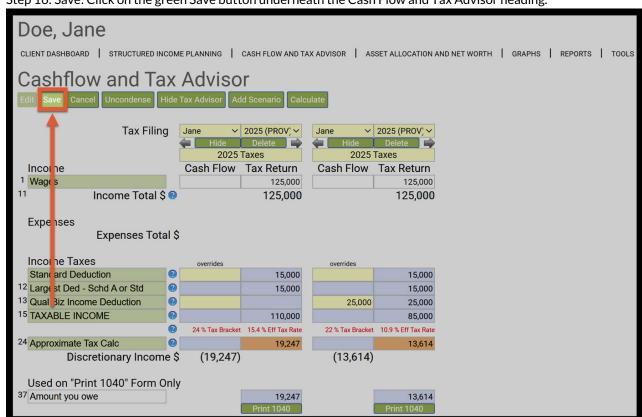
Step 13: Income Taxes; Qual Biz Income Deduction: The amount from the QBI override will automatically be displayed on the cash flow and tax return side.



Step 14: Effective Tax Rate: Note the effective tax rate. This rate will be automatically reflected in Year 1 of the structured income plan. The effective tax rate rounded for display purposes.

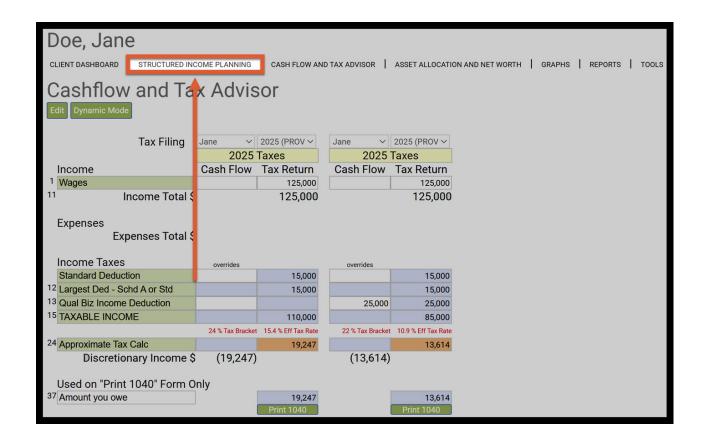


Step 15: Approximate Tax Calc: Note the Tax Return calculation. The dollar amount will identical to the one on the Structured Income Planning page.

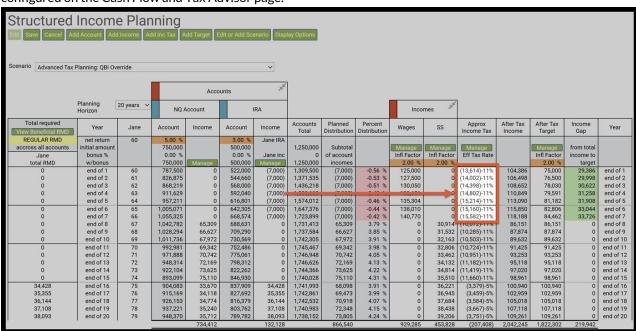


Step 16: Save: Click on the green Save button underneath the Cash Flow and Tax Advisor heading.

Step 17: Structured Income Planning: Click on the Structured Income Planning heading underneath the Clients name.



Step 18: Structured Inome Planning Page: You will automatically be taken back to the Structured Income Planning Page. The effective and approximate tax rates should automatically be changed to the amounts that were configured on the Cash Flow and Tax Advisor page.



If you feel you need more support or would like to set up demo time with one of our representatives, please contact us at: +1-888-449-6917 or support@planscout.com.

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