

Table T20-0221
Make Sec199A Deduction for Qualified Business Income (QBI) Permanent
Baseline: Current Law as of March 17, 2020
Impact on Tax Revenue (\$ billions), 2021-40^{1,2}

	Fiscal Year												
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-30	2031-40	
Make Sec199A deduction for QBI permanent													
Assuming no wage shifting and no entity shifting	0.0	0.0	0.0	0.0	0.0	-46.1	-73.9	-77.0	-79.5	-82.0	-358.6	-1,063.8	
Assuming wage shifting but no entity shifting	0.0	0.0	0.0	0.0	0.0	-49.0	-79.9	-85.7	-89.4	-92.5	-396.6	-1,227.1	
With wage shifting and entity shifting	0.0	0.0	0.0	0.0	0.0	-51.5	-84.0	-90.2	-94.0	-97.1	-416.8	-1,284.6	

Source: Urban-Brookings Microsimulation Model (version 0319-2).

(1) Fiscal years. Baseline is the law in place for each year as of March 17, 2020. Under current law, the Sec199A deduction for qualified business income would sunset 12/31/25. Proposal would make the deduction permanent.

(2) Estimates include the effect of microdynamic responses and assumes a fiscal split of 65-35 (fiscal year revenue is estimated to be 35 percent of revenue from the previous calendar year and 65 percent of revenue from the current calendar year). The actual pattern of receipts could differ. Estimates do not incorporate any potential impact on payroll tax revenues.

(3) Estimate assumes that under the proposal, some individuals would convert wage and salary income to pass-through income eligible for the Sec199A deduction.

(4) Estimate assumes that under the proposal: (a) some individuals would convert wage and salary income to pass-through income eligible for the Sec199A deduction; and (b) some individuals that would choose to incorporate under current law would instead choose to retain pass-through form under the proposal to make the deduction permanent.