

What is the qualified business income deduction?

The qualified business income deduction (QBI) is a tax deduction that allows eligible self-employed and small-business owners to deduct up to 20% of their qualified business income on their taxes.

In general, total taxable income in 2023 must be under \$182,100 for single filers or \$364,200 for joint filers to qualify. In 2024, the limits rise to \$191,950 for single filers and \$383,900 for joint filers.

If you're over that limit, complicated IRS rules determine whether your business income qualifies for a full or partial deduction. Here's how the qualified business income deduction generally works.