FTD COMPLIANCE CARD — M1b QBI / §199A Calculator

Fbaum Enterprises LLC d/b/a The Federal Tax Desk | Version 1.1 | Issued 2026-07-15 | Last verified 2026-07-29

HOW TO USE THIS CARD FOR §10.36 COMPLIANCE

OPR Alert 2026-19 (June 24, 2026) requires firms to vet third-party tools and document that vetting under Circular 230 §10.36. To satisfy this requirement using this card:

1. Print or save this PDF. Date your review in the space provided at the bottom of this card.
2. Add this card to your firm's AI tool inventory or WISP third-party provider list.
3. Before first use with any client matter, verify that the TY2026 threshold figures in Element 3 match current IRS.gov content by following the verification steps in that element.
4. Document that verification with the date and your initials.
5. Your completed card constitutes the §10.36 vetting documentation for this tool.

ELEMENT 1 — TOOL IDENTIFICATION

Tool name / version
M1b QBI / §199A Calculator, version 1.1

FTD issue date
2026-07-15

Most recent update
2026-07-29

Last verified against source
2026-07-29

Governing authority
IRC §199A; Treas. Reg. §1.199A-1 through -6; Rev. Proc. 2025-32 §4.26; IRC §199A(i) (OBBBA §70105, P.L. 119-21)

Threshold source
Rev. Proc. 2025-32 §4.26, TY2026, fetched from irs.gov/pub/irs-drop/rp-25-32.pdf on 2026-07-11

Source URLs
irs.gov/pub/irs-drop/rp-25-32.pdf; uscode.house.gov (26 U.S.C. §199A)

Note: A preliminary project note had stated TY2026 thresholds as "$201,775/$403,500," applying the Married Filing Separately figure ($201,775) to single/HOH/QSS filers. A live fetch of Rev. Proc. 2025-32 §4.26 on 2026-07-11 confirms the correct figures are distinct: single/HOH/QSS $201,750, MFS $201,775, MFJ $403,500. This tool and its tests use the corrected, independently-verified figures; the erroneous $201,775 figure was never used in code.

Note: A verification check on 2026-07-24 confirmed OBBBA widened the SSTB/wage phase-in range for TY2026 (single/HOH/QSS/MFS from $50,000 to $75,000 over the threshold; MFJ from $100,000 to $150,000). The initial verification at the 2026-07-15 release had confirmed the corrected threshold dollar figures but had not independently re-checked the phase-in width specifically, so this check re-verified it directly against a fresh fetch of Rev. Proc. 2025-32 §4.26 (irs.gov/pub/irs-drop/rp-25-32.pdf, page 22 of the PDF): Married Filing Joint threshold $403,500 / phase-in-range-complete $553,500 (width $150,000); Married Filing Separately $201,775 / $276,775 (width $75,000); All Other Returns (single/HOH/QSS) $201,750 / $276,750 (width $75,000). This matches lib/qbi-calculator.js's FILING_STATUS_THRESHOLDS exactly, computed the same way the code derives phaseInWidth (phaseOutComplete " threshold). No defect found; no code change made. See Table B for the correction-log entry recording this re-verification.

ELEMENT 2 — WHAT THIS TOOL DOES

The M1b QBI Calculator computes the §199A qualified business income deduction for a return with one or more trades or businesses, applying the below-threshold, phase-in, and above-threshold rules, the SSTB exclusion/phase-out, the W-2 wage/UBIA limitation, the REIT/PTP component, the overall taxable-income limitation, and the OBBBA $400 minimum deduction floor.

Inputs
Filing status; taxable income before the QBI deduction; net capital gain (incl. qualified dividends); one or more businesses, each with QBI (may be a loss), W-2 wages, UBIA of qualified property, an SSTB flag, and optional REIT/PTP income. No taxpayer-identifying information.

Output
Final QBI deduction, per-business breakdown with zone/limitation/component/citation, combined QBI

component, REIT/PTP component, overall limitation, minimum-deduction-floor note, required form (8995 vs. 8995-A), and a copy-paste-ready plain-text block.

What this tool IS

This tool produces a calculation reference for practitioner use.

What this tool IS NOT

This tool does not produce tax advice, legal advice, or written advice subject to Circular 230 §10.37. The practitioner retains full professional responsibility for all conclusions presented to clients.

ELEMENT 3 — ACCURACY AND VERIFICATION

Primary sources

IRC §199A(a), (a)(2) (20% deduction, overall taxable-income cap); §199A(b)(1) (combined QBI amount incl. REIT/PTP); §199A(b)(2), Treas. Reg. §1.199A-2 (wage/UBIA limitation); §199A(b)(3)(B), (d)(3)(A), Treas. Reg. §1.199A-1(d) (phase-in range); §199A(c)(3)(B) (REIT/PTP exclusion from wage/SSTB rules); §199A(d)(2), Treas. Reg. §1.199A-5 (SSTB definition); §199A(i), added by OBBBA §70105, P.L. 119-21 ($400 minimum deduction, $1,000 QBI eligibility floor); Rev. Proc. 2025-32 §4.26 (TY2026 thresholds).

Placeholder citations

None. Every citation in this tool traces to a fetched primary source (IRS.gov PDF for Rev. Proc. 2025-32; U.S. Code for IRC §199A subsections), unlike the M1f CSED Calculator's two IRM-analog placeholders.

Update trigger

This card and the tool are updated within 5 business days of the IRS revising Rev. Proc. thresholds for a future tax year, amending IRC §199A, or of a correction being discovered.

How to verify the QBI calculation

1. Navigate to irs.gov/pub/irs-drop/rp-25-32.pdf (or the successor Rev. Proc. for the applicable tax year) and confirm the §4.26 threshold and phase-in range figures for the return's filing status.
2. Confirm the IRC §199A subsection text for the wage/UBIA limitation, SSTB definition, and the OBBBA $400 minimum deduction at uscode.house.gov or a current annotated code.
3. Cross-check the phase-in/SSTB arithmetic against the current-year Form 8995-A instructions' Schedule A and Component Worksheet.
4. Confirm each business's material participation and active-trade-or-business status independently — this tool assumes both and does not verify them.

Known limitations — KNOWN FAILURE MODES

- The §199A aggregation election (Treas. Reg. §1.199A-4), which lets a taxpayer combine multiple businesses into one wage/UBIA pool, is NOT modeled. Each business's wage/UBIA limit uses only its own W-2 wages and UBIA, which may understate the deduction for taxpayers who would benefit from aggregation.
- Co-op patron special rules (IRC §199A(b)(7)) are not modeled; the tool assumes no business is a specified agricultural or horticultural cooperative patron.
- The $400 minimum deduction floor (IRC §199A(i)) assumes material participation in each entered business; the tool does not independently verify material participation or that each business rises to the level of a trade or business under IRC §162.
- Negative QBI (a loss from one business) is netted proportionately against positive-QBI businesses per Treas. Reg. §1.199A-1(c)(2). A total QBI loss across all businesses produces a $0 deduction in this tool rather than modeling the statutory loss carryforward to the next tax year (IRC §199A(c)(2)).

ELEMENT 4 — DATA HANDLING

This tool does not receive or store tax return information. No §7216 consent is required for use of this tool.

Data retention: No inputs are logged. Amounts entered are processed entirely in your browser and are never transmitted to or stored by FTD. Anonymous, aggregate usage events (for example, that a calculation was run) are recorded with no input values and no personal data.

ELEMENT 5 — CIRCULAR 230 / SSTS 1.4 COMPLIANCE STATEMENT

This tool is designed for use by tax practitioners subject to Circular 230. Use of this tool does not satisfy the practitioner's obligation to exercise due diligence under Circular 230 §10.22 or to possess technological competence under Circular 230 §10.35. The practitioner must independently verify tool outputs before relying on them in client matters or submissions to the IRS. OPR Alert 2026-19 (June 24, 2026) confirms that practitioners may not delegate professional judgment to software tools.

ELEMENT 6 — TOOL CLASSIFICATION

TOOL CLASSIFICATION: This tool is a deterministic calculation engine, not a generative AI tool. Given the same filing status, taxable income, net capital gain, and business inputs, it always returns the same result. It does not generate, infer, or predict outputs. The practitioner retains full obligation to exercise appropriate judgment and verify outputs before relying on them in client matters.

ELEMENT 7 — UPDATE AND CORRECTION LOG

Table A — Version History

Date	Version	Change Description	Trigger
2026-07-15	v1.0	Initial release — §199A calculation engine with below-threshold, phase-in, and above-threshold treatment for SSTB and non-SSTB businesses, REIT/PTP component, overall limitation, and OBBBA $400 minimum floor; TY2026 thresholds verified against Rev. Proc. 2025-32 §4.26	Initial build; build gate cleared 2026-07-02; deploy held pending DEC V-01 (SRS §13.1)
2026-07-29	v1.1	Added a TAX_YEAR constant (2026) and a companion test asserting the current calendar year has not passed it. No threshold, citation, or calculation logic changed — FILING_STATUS_THRESHOLDS were re-verified live against irs.gov/Rev. Proc. 2025-32 §4.26 and confirmed still current for TY2026; this change makes that currency machine-checkable instead of relying on a human noticing the calendar year has rolled over.	Fleet-wide currency sweep; Rev. Proc. 2025-32 re-confirmed live, no correction needed

Table B — Correction Log (OPS-002)

Date	Error Class	Description	Authority	Affected TCs
2026-07-11	Threshold error (caught pre-build)	A preliminary project note misapplied the MFS threshold ($201,775) to single/HOH/QSS filers; corrected against a live Rev. Proc. 2025-32 §4.26 fetch before any code was written.	Rev. Proc. 2025-32 §4.26	N/A — pre-build catch, no shipped code affected

2026-07-24	Re-verified, no defect found (periodic drift sweep)	The initial 2026-07-15 verification confirmed TY2026 threshold dollar figures but had not independently re-checked the OBBBA-widened phase-in range width ($75,000 single/HOH/QSS/MFS, $150,000 MFJ). A fresh live fetch of Rev. Proc. 2025-32 §4.26 confirmed the code's FILING_STATUS_THRESHOLDS values are correct as-is; no code change was made.	Rev. Proc. 2025-32 §4.26 (irs.gov, fetched 2026-07-24)	N/A — re-verification only, no code affected
				FIRM ADOPTION RECORD
				Tool reviewed and adopted by (practitioner name and credentials):
				Firm name:
				Date of initial review:
				TY2026 thresholds verified against IRS.gov on:
				Initials:
				[ ] This card has been added to firm's §10.36 AI tool inventory.