Whereas, In 2018, President Trump signed the Tax Cuts and Jobs Act; and

Whereas, This legislation includes a tax break for owners of certain pass-through entities, many of which include physician practices structured as such and can include S corporations, partnerships and some limited liability companies; and

Whereas, This may benefit those who earn below the threshold of $207,500 or less for a single filer (where the deduction phases out when taxable income exceeds $157,500) or $415,000 or less for a married couple filing jointly (where the deduction phases out starting at $315,000); and

Whereas, The new tax law disallows this 20% deduction for taxpayers with income above the threshold in specified service businesses which are defined as those in which the principal asset is the reputation or skill of the owners and which category includes physicians; and

Whereas, Many physicians, especially those in two physician households, will not qualify under the new tax law, and combined with the decrease in the deductions allowed for state and local taxes, home mortgage, etc., many physicians have been adversely affected and will pay more in taxes; and

Whereas, The effect of this law will be a continued trend of decreased physician self-employment and thus overall lower physician reimbursement; therefore be it

RESOLVED, That our American Medical Association lobby that physicians be excluded from being considered a specified service business as defined by the Internal Revenue Service. (Directive to Take Action)

Fiscal Note: Modest - between $1,000 - $5,000

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