

Specified Service Trade or Business (SSTB) Definition

For purpose of the qualified business income deduction (QBID), a specified service trades or business (SSTB) is generally excluded from the definition of qualified trades or businesses. See *Qualified Business Income Deduction (QBID)—IRC §199A*, page 8-15, *TheTaxBook*, 1040 Edition/Deluxe Edition.

Note: An SSTB specifically excludes the fields of architecture and engineering.

Specified Service Trade or Business (SSTB) Definition (Reg. §1.199A-5)

Field	Applies To	Does Not Apply To
Health	Physicians, pharmacists, nurses, dentists, veterinarians, physical therapists, psychologists, and other similar healthcare professionals performing services in their capacity as such.	Services not directly related to a medical services field, even though the services provided may purportedly relate to the health of the patient (e.g., operation of health clubs or health spas providing physical exercise or conditioning, payment processing, or research, testing, manufacture, and/or sales of pharmaceuticals or medical devices).
Law	Lawyers, paralegals, legal arbitrators, mediators, and similar professionals.	Services that do not require skills unique to the field of law (e.g., printers, delivery services, or stenography services).
Accounting	Accountants, enrolled agents, return preparers, financial auditors, and similar professionals.	
Actuarial Science	Actuaries and similar professionals.	
Performing Arts	Actors, singers, musicians, entertainers, directors, and similar professionals.	Services that do not require skills unique to the creation of performing arts, such as the maintenance and operation of equipment or facilities for use in the performing arts. Services by persons who broadcast or otherwise disseminate video or audio of performing arts to the public.
Consulting	Providing professional advice and counsel to clients to assist the client in achieving goals and solving problems, including providing advice and counsel regarding advocacy with the intention of influencing legislators and other government officials on behalf of a client by lobbyists and other similar professionals.	Services other than advice and counsel, such as sales (or economically similar services) or providing training and educational courses, architecture and engineering services, and consulting services embedded in, or ancillary to, the sale of goods or performance of services on behalf of a trade or business that is otherwise not an SSTB (e.g., building contractor) if there is no separate payment for the consulting services.
Athletics	Individuals who participate in athletic competitions such as athletes, coaches, and team managers.	Services that do not require skills unique to athletic competition, such as the maintenance and operation of equipment or facilities for use in athletic events. Services by persons who broadcast or otherwise disseminate video or audio of athletic events to the public.
Financial Services	Financial advisors, investment bankers, wealth planners, retirement advisors, and other similar professionals.	Services that include taking deposits or making loans.
Brokerage Services	Stock brokers and other similar professionals.	Services provided by real estate agents and brokers, or insurance agents and brokers.
Investing and Investment Management	Investing, asset management, or investment management services, including providing advice with respect to buying and selling investments.	Services directly managing real property.
Trading	A trade or business of trading in securities, commodities, or partnership interests.	
Dealing in Securities, Partnership Interests, or Commodities	In the ordinary course of a trade or business, regularly purchasing from and selling to customers, securities, commodities, or partnership interests, or regularly offering to enter into, assume, offset, assign, or otherwise terminate positions in securities, commodities, or partnership interests, with customers.	<ul style="list-style-type: none"> Performance of services to originate a loan by a lender is not treated as the purchase of a security from the borrower. Gains and losses from qualified active sales (sale of commodities in the active conduct of a commodities business as a producer, processor, merchant, or handler of commodities) are not taken into account. Qualified active sales include hedging transactions.
Any Trade or Business Where the Principal Asset is the Reputation or Skill of One or More of its Employees or Owners	<p>Any trade or business that consists of the following, or any combination thereof.</p> <ul style="list-style-type: none"> Receiving fees, compensation, or other income for endorsing products or services, Licensing or receiving fees, compensation or other income for use of an individual's image, likeness, name, signature, voice, trademark, or any other symbols associated with the individual's identity, or Receiving fees, compensation, or other income for appearing at an event or on radio, television, or another media format. <p>Note: Fees, compensation, or other income includes the receipt of a partnership interest or stock of an S corporation and its corresponding income.</p>	