



### **DPD: What and When**

Under the American Jobs Creation Act of 2004, a qualified taxpayer can deduct the lesser of:

1. A percentage of its Qualified Production Activities Income (QPAI),
2. the same percentage of its taxable income, or
3. half of the sum of its W2 wages and certain elective deferrals made during the calendar year ending in the taxpayer's taxable year.

The Act will be phased in over five years, as the percentage used calculating Options 1 and 2 changes as follows:

- 3 percent for tax years beginning in 2005 and 2006;
- 6 percent for tax years beginning in 2007, 2008 and 2009; and
- 9 percent thereafter.