



## All American Best Tax Services LLC

### S corporations

S corporations are corporations that elect to pass corporate income, losses, deductions, and credits through to their shareholders for federal tax purposes. Shareholders of S corporations report the flow-through of income and losses on their personal tax returns and are assessed tax at their individual income tax rates. This allows S corporations to avoid double taxation on the corporate income. S corporations are responsible for tax on certain built-in gains and passive income at the entity level.

To qualify for S corporation status, the corporation must meet the following requirements:

- Be a domestic corporation
- Have only allowable shareholders
  - May be individuals, certain trusts, and estates and
  - May not be partnerships, corporations or non-resident alien shareholders
- Have no more than 100 shareholders
- Have only one class of stock
- Not be an ineligible corporation (i.e. certain financial institutions, insurance companies, and domestic international sales corporations).

In order to become an S corporation, the corporation must submit [Form 2553, Election by a Small Business Corporation](#) signed by all the shareholders. See the [Instructions for Form 2553 PDF](#) for all required information and to determine where to file the form.

#### Filing requirements:

Chart 1 - S Corporation		
If you are an S corporation then you may be liable for...	Use Form...	Separate Instructions...
Income Tax	<a href="#">1120-S</a> <a href="#">1120-S (Sch. K-1) PDF</a>	<a href="#">Instructions for Form 1120-S PDF</a> <a href="#">Instructions for Form 1120-S Sch. K-1 PDF</a>



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### Chart 1 - S Corporation

If you are an S corporation then you may be liable for...	Use Form...	Separate Instructions...
<p><u><a href="#">Employment taxes:</a></u></p> <ul style="list-style-type: none"> <li>• Social security and Medicare taxes and income tax withholding</li> <li>• Federal unemployment (FUTA) tax</li> <li>• Depositing <u><a href="#">employment taxes</a></u></li> </ul>	<p><u><a href="#">941</a></u> or <u><a href="#">943</a></u> (for farm employees)</p> <p><u><a href="#">940</a></u></p>	<p><u><a href="#">Instructions for Form 941, Employers QUARTERLY Federal Tax Return PDF</a></u></p> <p><u><a href="#">Instructions for Form 943, Employers Annual Federal Tax Return for Agricultural Employees PDF</a></u></p> <p><u><a href="#">Instructions for Form 940, Employers Annual Federal Unemployment (FUTA) Tax Return PDF</a></u></p>
Excise Taxes	Refer to the <u><a href="#">Excise Tax</a></u> webpage	

### Chart 2 - S Corporation Shareholders

If you are an S corporation shareholder then you may be liable for...	Use Form...	Separate Instructions...
Income Tax	1040 or 1040-SR and <u><a href="#">Schedule E</a></u> and other forms referenced on the shareholder's Schedule K-1	<u><a href="#">Instructions for Schedule E (Form 1040 and 1040-SR) Supplemental Income and Loss PDF</a></u>
Estimated tax	<u><a href="#">1040-ES</a></u>	