

***TTB Online CPE*— Preparing S Corporation Returns**

Learning Objectives/Table of Contents

Chapter

1 Basics of S Corporation Tax Return Preparation

- 1-A** Recognize the similarities between reporting income and expenses on Form 1120-S, *U.S. Income Tax Return for an S Corporation*, and other business tax entity tax returns.
- 1-B** Identify the characteristics that enable an entity to be eligible to be an S corporation.
- 1-C** Recognize the necessary steps to elect S corporation status.
- 1-D** Calculate a shareholder's basis in his or her S corporation ownership.
- 1-E** Differentiate between taxable and nontaxable S corporation distributions.

2 S Corporation Scenario—Day One Through End of Year

- 2-A** Identifying the steps required for S corporation formation.
- 2-B** Recognize the requirement that reasonable compensation be paid to S corporation shareholder-employees.
- 2-C** Distinguish amortizable organizational costs and start-up costs.
- 2-D** Recognize the benefits of an accountable plan expense reimbursement arrangement for a shareholder-employee.
- 2-E** Compute short-year depreciation for the first year of the S corporation's existence.

3 Comprehensive S Corporation Example—Preparing Form 1120-S

- 3-A** Identify the different tax year options available for S corporations
- 3-B** Reconcile an S corporation's payroll report to extract figures necessary to report on Form 1120-S, *U.S. Income Tax Return for an S Corporation*.
- 3-C** Indicate where to report income and expense items on the S corporation return.
- 3-D** Recognize items which are separately stated and flow directly through to shareholders on Schedules K and K-1.
- 3-E** Identify where S corporation items from a shareholder's Schedule K-1 are reported on the shareholder's individual tax return.

4 Ending an S Corporation

- 4-A** Determine classes of assets upon sale of a business for reporting on Form 8594, *Asset Acquisition Statement*.
- 4-B** Differentiate asset allocations favoring the buyer or the seller in the sale of a business situation.
- 4-C** Identify the tax consequences to shareholders upon the liquidation of an S corporation.
- 4-D** Recognize how the sale of a business is reported by an S corporation.
- 4-E** Determine where to report the sale of the S corporation business on the shareholder's Form 1040 and supporting schedules.