Natalie C. Papagni, CPA

TAX, PLANNING & ADVISORY SERVICES

4275 Executive Square, Suite 200, La Jolla, CA 92037 | (858) 754-8277 | service@lajollataxcpa.com | lajollataxcpa.com

S-CORPORATIONS — FOUNDATION PACKAGE

S-Corp Set-Up, Implementation, Planning & Preparation

The election is the easy part. Setting the structure up right, running it correctly, and planning every year is what turns it into actual savings — and that is where we begin.

An S-corporation only delivers its benefits when it is operated the way the tax code expects: a reasonable salary run through payroll, distributions planned against basis, an accountable plan in place, and clean books behind it all. Skip those, and a missed reasonable-compensation position or an untracked basis schedule can erase the savings the election was supposed to create — or invite an audit. This package sets the structure up correctly from the first payroll, then keeps it running with year-round guidance and the annual returns.

WHAT THE PACKAGE COVERS

1 Set Up the Tax Structure

We build the operating foundation an S-corporation needs to be defensible and efficient:

- Confirm the election is valid and complete — Form 2553 timing, effective date, and IRS acceptance — and file a late election where relief applies
- Reasonable compensation analysis anchored to role, hours, and market data, with the wage figure set before the first payroll run
- Payroll setup and registration — federal and California accounts, officer W-2, and the quarterly filing calendar
- Opening shareholder basis and AAA established and recorded from day one
- Chart of accounts, books, and the business/personal separation an S-corp return requires
- Accountable plan adopted so home office, mileage, and business expenses reimburse tax-free rather than as wages

2 Ongoing Professional Guidance & Support

Year-round access to your CPA — not a once-a-year handoff. We keep the structure current as the business grows:

- Quarterly tax management — projections and estimated payments across the 1120-S and your 1040
- Direct access to answer questions before decisions are made, not after
- Retirement-plan design layered on W-2 wages — Solo 401(k), profit sharing, and cash balance as income supports it
- Annual reasonable-compensation review as profit, duties, and market data change
- Coordination with your attorney, financial advisor, and payroll provider so guidance is aligned, not fragmented

3 Tax Law, Distributions & Compliance

We advise on the rules that govern the entity and keep you on the right side of them — then prepare the returns that reflect the year's planning:

- Distribution planning coordinated with basis, reasonable compensation, and cash flow — kept within basis to avoid capital-gain surprises
- California PTET election and the SALT-cap workaround, including the strict June 15 prepayment
- QBI §199A optimization balanced against the wage figure and taxable-income levers
- Shareholder basis and AAA maintained; Form 7203 prepared with your individual return
- Preparation of Form 1120-S, California Form 100S, and your individual return — the final step of the year's plan

TWO WAYS OWNERS ARRIVE — AND WHERE THEY DIFFER

Some clients form a new corporation or professional corporation and elect S status; others already run an LLC and elect to have it taxed as an S-corporation. The destination is the same, but the setup differs at the start.

NEW CORPORATION / PC + ELECTION

- Corporation or professional corporation formed, then Form 2553 filed to elect S status
- Bylaws, stock issuance, and corporate records established from formation
- Licensed professionals: a professional corporation (PC) is required in California
- Corporate formalities — minutes, officer roles — in place from the start
- Clean opening basis and capital structure recorded at formation

LLC ELECTING S-CORPORATION

- Existing LLC files Form 2553 (and Form 8832 where needed) to be taxed as an S-corp
- Operating agreement reviewed for provisions that could threaten the S election
- Single-class-of-stock and distribution proportionality confirmed
- Mid-year elections require short-period coordination and payroll from the effective date
- Basis carried over and re-established under S-corp rules

HOW WE WORK

You work directly with the principal — a licensed California CPA and AICPA member — not rotating staff. Fees are fixed and agreed in advance. The relationship is year-round and proactive: the goal is that the annual returns simply confirm the planning already done, with no surprises in April.

Let's get your S-corporation running right. Schedule a complimentary consultation.

(858) 754-8277 · service@lajollataxcpa.com · lajollataxcpa.com

© 2026 Natalie C. Papagni, CPA — Tax, Planning & Advisory Services · Licensed CPA, California (#95127) · Member, AICPA

This overview describes services generally and does not constitute tax advice or an offer of engagement; scope and fees are set by a separate engagement letter. California figures (S-corp $800 minimum franchise tax; 1.5% net-income tax; PTET 9.3%) are current as of 2026; verify against the Franchise Tax Board for your filing year. Please consult regarding your specific situation.