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S-CORPORATIONS — POST-FORMATION PACKAGE

S-Corporation Tax Structure & Advisory Package

The election is the easy part. Running the S-corporation correctly — payroll, basis, distributions, and compliance — is what turns the election into actual savings.

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

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.

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