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## Course Information

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**Course Title:** *Tax Guide to S Corporations #493220*

### **Recommended CPE credit hours for this course**

In accordance with the standards of the National Registry of CPE Sponsors and the IRS, CPE credits have been granted based on a 50-minute hour.

**CPA 3** (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration:

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Public Accountancy: 14003

New York State Board of Accountancy (Ethics): 002146

Ohio State Board of Accountancy: M0021

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

**EA/OTRP 3** (All States) IRS: Qualified Sponsor number: *FWKKO*.

**CLU, ChFC Professional Recertification 3**

### **Course Description**

In this course, the intricacies of setting up and terminating an S corporation are detailed and taxation is discussed. The numerous advantages and disadvantages of this entity are identified to help practitioners determine whether the S corporation is most suitable for their clients. Eligible domestic corporations can avoid double taxation by electing to be treated as an S corporation under the rules of Subchapter S. Subchapter S provides an optional method of corporate taxation and allows small business corporations to elect unusual tax treatment. The S corporation is taxed like a partnership, but in other respects, S corporations are taxed like C corporations.

**Program Delivery Method:** Self-Study (NASBA QAS Self-Study/interactive)

**Subject Codes/Field of Study**

NASBA (CPA): Taxes.

IRS (EA, OTRP): Federal Tax Law.

NAPFA: Taxes

**Course Level, Prerequisites, and Advance Preparation Requirements**

Program Level: NASBA/CPA, IRS: Overview.

This program is appropriate for professionals at all organizational levels.

Prerequisites: Basic familiarity with federal taxation

Advance Preparation: None

**Course Content**

Publication/Revision Date: 2/12/2020.

Author: Danny Santucci, J.D.

Final exam (online): Fifteen questions (multiple-choice).

**Instructions for taking this course**

**Note:** Downloading the PDF of this course will enable Bookmarks for easier navigation (on the left side of the document window, open the bookmarks pane).

You must complete this course within one year of the date of purchase (if you do not complete the course within one year, contact us to determine whether an updated edition of the course is available, in which case we will provide you with a PDF of the updated course and the online exam at no charge).

A passing grade of at least 70% is required on the final exam for this course. You may retake the exam if you do not pass it on the first attempt (no charge).

Complete the course by following the learning objectives listed on the following page, studying the text, and studying the review questions at the end of each major section (or at the end of the course). Once you have completed studying the course and you are confident that the learning objectives have been met, answer the final exam questions (online).

**Instructions for Taking the Final Exam Online**

- Login to your account online at [www.bhfe.com](http://www.bhfe.com).
- Go to "My Account" and view your course.
- Select "Take Exam" for this course and follow instructions.

**Additional Information**

- The exam may be started, stopped, then resumed at a later date.
- The exam is "open book," it is not timed, and it may be retaken if not passed on the first attempt (no charge).
- Results (correct, incorrect answers) and certificate appear immediately upon passing the exam.
- EA credits are reported weekly.

**Have a question?** Call us at 800-588-7039 or email us at [contact@bhfe.com](mailto:contact@bhfe.com).

# Learning Assignment & Objectives

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As a result of studying the assigned materials, you should be able to meet the objectives listed below.

## **ASSIGNMENT**

At the start of the materials, participants should identify the following topics for study:

- \* Advantages & disadvantages
- \* S corporation status
- \* Termination
- \* Income & expense
- \* Built-in gain
- \* Passive income
- \* Basis of stocks & debts
- \* Distributions
- \* Form 1120S
- \* Fringe benefits

## **Learning Objectives**

After reading the materials, participants will able to:

- 1.** Recognize a client's potential use of the S corporation format and its tax advantages and disadvantages by citing the requirements for an S corporation election, identifying eligible S corporation shareholders, specifying the one-class-of-stock regulations, and determining the ways an S corporation election can be terminated.
- 2.** Identify the concepts of S corporation taxation by:
  - a.** Recognizing the application of passive income taxation, accumulated adjustments accounts, built-in gains, net operating losses, tax preference items, and potential capital gains taxes,
  - b.** Determining a shareholder's stock basis from capitalization and loan activity,
  - c.** Specifying the related party rules including their impact on deductions, available fringe benefits, and tax forms to use when filing as an S corporation.

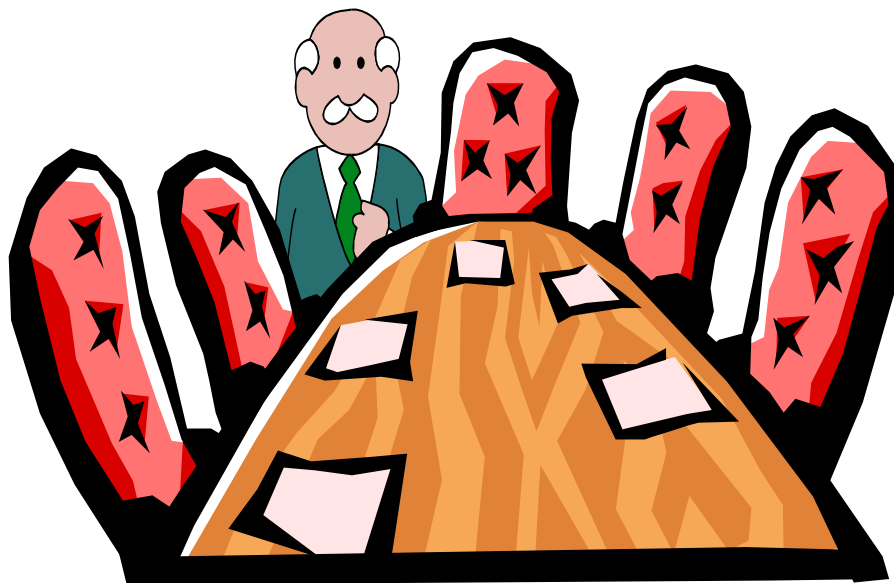
After studying the materials, answer the exam questions 1 to 15.

## **Notice**

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# Tax Guide to S Corporations

By  
Danny C. Santucci



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