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## Course Information

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**Course Title:** *Tax Guide to S Corporations #493224*

### 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** (Accepted in all states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration:

Florida Division of Certified Public Accountancy: 0004761 (Ethics #0011467)

Hawaii Board of Public Accountancy: 14003

New York State Board of Accountancy (for ethics): 002146

Ohio State Board of Accountancy: CPE .51 PSR

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

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

### 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.

### Course Content

Publication/Revision Date: 3/25/2024.

Author: Danny Santucci, J.D.

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

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

**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

**Instructions for Taking This Course**

- **Log in to your secure account at [www.bhfe.com](http://www.bhfe.com). Go to "My Account."**
- **You must complete this course within one year** of purchase (If the course is "Expired," contact us and we will add the latest edition of the course to your account (no charge).
- **To retain the course-PDF after completion (for future reference) and to enable enhanced navigation:** From "My Account," Download and save the course-PDF to your computer. This will enable the search function (Menu: Edit>Find) and bookmarks (icon on left side of document window).
- **Complete the course by** following the learning objectives listed for the course, studying the text, and, if included, 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 Online Exam**

- **Log in to your secure account at [www.bhfe.com](http://www.bhfe.com). Go to "My Account."**
- A passing grade of at least **70%** is required on the exam for this course.
- You will have three attempts to pass the exam (call or email us after three unsuccessful attempts for instructions).
- The exam is not timed, and it does not need to be completed in one session.
- For a printed copy of the exam questions, open the exam and press "Print Exam."
- Once you pass the exam, the results (correct/incorrect answers) and certificate of completion appear in "My Account." A confirmation email is also sent.
- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

**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 be 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.

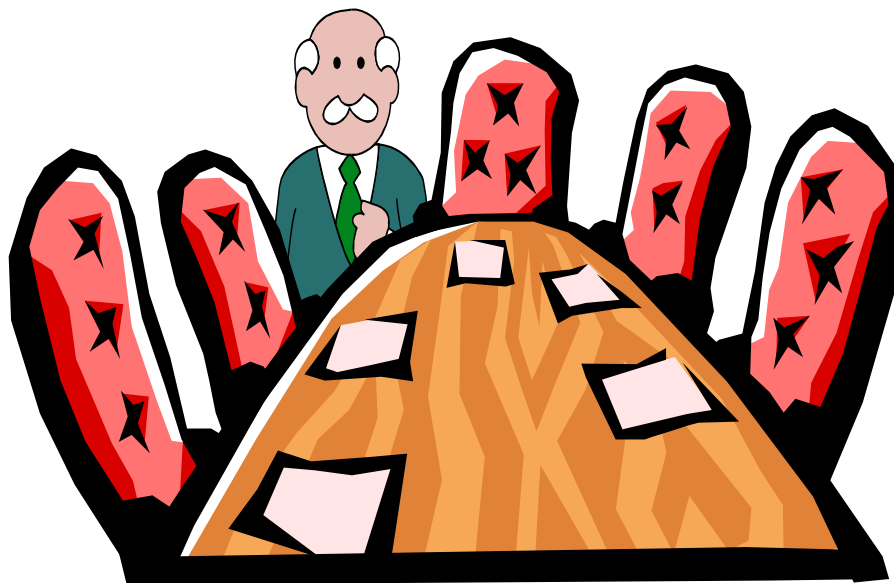
After studying the materials, answer exam questions 1 to 15.

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# Tax Guide to S Corporations

By  
Danny C. Santucci



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