

For calendar year 20XX or tax year beginning

, 20XX, ending

, 20

**10 Tax Strategies for S  
Corporations: What, How, Where**  
See Links Below

D Employer identification number

E Date incorporated

F Total assets (see instructions)

\$

C Check if Sch. M-3 attached ☐G Is the corporation electing to be an S corporation beginning with this tax year? ☐ Yes ☐ No If "Yes," attach Form 2553 if not already filedH Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return (5) ☐ S election termination or revocation

I Enter the number of shareholders who were shareholders during any part of the tax year . . . . . ▶

J Check if corporation: (1) ☐ Aggregated activities for section 465 at-risk purposes (2) ☐ Grouped activities for section 469 passive activity purposes**Caution:** Include **only** trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a	Gross receipts or sales . . . . .	1a		
	b	Returns and allowances . . . . .	1b		
	c	Balance. Subtract line 1b from line 1a . . . . .	1c		
	2	Cost of goods sold (attach Form 1125-A) . . . . .	2		
	3	Gross profit. Subtract line 2 from line 1c . . . . .	3		
	4	Net gain (loss) from Form 4797, line 17 (attach Form 4797) . . . . .	4		
Deductions (see instructions for limitations)	5	Other income (loss) (see instructions—attach statement) . . . . .	5		
	6	<b>Total income (loss).</b> Add lines 3 through 5 . . . . . ▶	6		
	7	Compensation of officers (see instructions—attach Form 1125-E) . . . . .	7		Strategy #1, Strategy #2
	8	Salaries and wages (less employment credits) . . . . .	8		Strategy #3
	9	Repairs and maintenance . . . . .	9		
	10	Bad debts . . . . .	10		
	11	Rents . . . . .	11		Strategy #6
	12	Taxes and licenses . . . . .	12		
	13	Interest (see instructions) . . . . .	13		
	14	Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562) . . . . .	14		Strategy #4
	15	Depletion ( <b>Do not deduct oil and gas depletion.</b> ) . . . . .	15		
	16	Advertising . . . . .	16		
	17	Pension, profit-sharing, etc., plans . . . . .	17		
	18	Employee benefit programs . . . . .	18		Strategy #10
	19	Other deductions (attach statement) . . . . . Strategy #5, Strategy #7, Strategy #8, Strategy #9	19		
20	<b>Total deductions.</b> Add lines 7 through 19 . . . . . ▶	20			
21	<b>Ordinary business income (loss).</b> Subtract line 20 from line 6 . . . . .	21			
Tax and Payments	22a	Excess net passive income or LIFO recapture tax (see instructions) . . . . .	22a		
	b	Tax from Schedule D (Form 1120-S) . . . . .	22b		
	c	Add lines 22a and 22b (see instructions for additional taxes) . . . . .	22c		
	23a	2020 estimated tax payments and 2019 overpayment credited to 2020 . . . . .	23a		
	b	Tax deposited with Form 7004 . . . . .	23b		
	c	Credit for federal tax paid on fuels (attach Form 4136) . . . . .	23c		
	d	Reserved for future use . . . . .	23d		
	e	Add lines 23a through 23d . . . . .	23e		
	24	Estimated tax penalty (see instructions). Check if Form 2220 is attached . . . . . ▶ <input type="checkbox"/>	24		
	25	<b>Amount owed.</b> If line 23e is smaller than the total of lines 22c and 24, enter amount owed . . . . .	25		
	26	<b>Overpayment.</b> If line 23e is larger than the total of lines 22c and 24, enter amount overpaid . . . . .	26		
27	Enter amount from line 26: <b>Credited to 2021 estimated tax</b> ▶ <b>Refunded</b> ▶	27			

**Sign  
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer

Date

Title

May the IRS discuss this return  
with the preparer shown below?  
See instructions. ☐ Yes ☐ No**Paid  
Preparer  
Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if  
self-employed

PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ▶

Phone no.

Tax Strategy	How it Works	Article with Live Link
<p><b>Strategy #1</b></p> <p><b>Reduce S corporation Owner's Wages</b></p>	<p>You can cut payroll taxes on the S corporation owner's salary by thousands of dollars in many cases.</p> <p>Too many owner/employees are paying too high of a salary to themselves, resulting in overpaying payroll taxes by thousands of dollars.</p>	<p><a href="#">How S Corporation Owners Can Cut Taxes by Keeping a Lid on Their Salaries</a></p>
<p><b>Strategy #2</b></p> <p><b>Deduct S corporation Owner's Health Insurance Premiums</b></p>	<p>The S corporation establishes the health insurance plan for the owner. The health insurance premiums are then included on the owner's W-2 taxable wages. Finally, as long as the owner qualifies for the self-employed health insurance deduction, this is claimed on page 1 of the owner's 1040.</p>	<p><a href="#">Avoid This S Corporation Health Insurance Deduction Mistake</a></p>
<p><b>Strategy #3</b></p> <p><b>Employ Your Child</b></p>	<p>The S corporation owner must pay payroll taxes on the child's wages, but the savings come with the family's decrease in income taxes. Each child can earn up to \$12,950 in 2022 without paying any federal income taxes.</p>	<p><a href="#">Tax Reform Increases the Tax Benefits of Employing Your Child</a></p>
<p><b>Strategy #4</b></p> <p><b>Sell Your Home to Your S Corporation Before Converting it to a Rental Property</b></p>	<p>When a homeowner plans on converting their personal residence into a rental property, there are big tax savings by first selling the home to their S corporation.</p> <p>The owner can avoid taxes on the sale with the home-sale exclusion of \$250,000 gain (\$500,000 if married). Additionally, you increase the rental property's depreciable basis which provides for greater depreciation deductions for the property.</p>	<p><a href="#">Shedding Doubts about Selling Your Home to Your S Corporation</a></p>
<p><b>Strategy #5</b></p> <p><b>Reimbursement of Home Office Expenses</b></p>	<p>When the S corporation owner uses a home office, the corporation may reimburse him or her for the expenses. This is a deduction for the corporation and tax-free income to the owner. You may deduct this as "Office Expenses" on the corporate return.</p>	<p><a href="#">Lock in the Home-Office Deduction for Your Home Office</a></p>

<p><b>Strategy #6</b></p> <p><b>Rent Your Home to Your S Corporation</b></p>	<p>An S corporation owner may rent their entire home to the S corporation for 14 days or less during the year and get big tax deductions. The corporation can deduct the rent and the owner can realize this income completely free of income tax.</p>	<p><b>Tax-Free Rental of Home to C or S Corporation</b></p>
<p><b>Strategy #7</b></p> <p><b>Reimbursement of Depreciation Expenses</b></p>	<p>The S corporation can reimburse the owner for depreciation expenses (as well as Section 179 expenses) related to business-use of a vehicle and home office when the asset is used in the business. This is a deduction for the corporation and tax-free income for the owner. You may deduct this as "Reimbursement for Employee Business Expenses".</p>	<p><b>Reimburse Corporate Owner-Employee for Depreciation</b></p>
<p><b>Strategy #8</b></p> <p><b>Reimbursement of Vehicle Expenses</b></p>	<p>There are major tax savings with the heavy vehicle and home-office combo. The heavy vehicle produces quick deductions. The home office that qualifies as a principal office eliminates commuting miles, and such an elimination can dramatically increase the business-use percentage of vehicles.</p>	<p><b>Heavy Vehicle + Deductible Home Office = Major Tax Savings</b></p>
<p><b>Strategy #9</b></p> <p><b>Reimbursement of Travel Expenses</b></p>	<p>When the S corporation owner incurs travel expenses in connection with work in the business, it's imperative the owner seek reimbursement from the corporation. In order for the corporation to deduct these expenses, the owner must submit an expense report and be reimbursed.</p>	<p><b>The Right Way to Ask Your S Corporation for Travel Reimbursements</b></p>
<p><b>Strategy #10</b></p> <p><b>Cell Phone Expenses</b></p>	<p>When an S corporation provides an employee with a smartphone or similar telecommunications equipment primarily for non-compensatory business reasons, it is considered a working condition fringe benefit that is excludable from income.</p> <p>The corporation can reimburse the employee for the full cost of the phone expenses (including the personal use) can deduct this amount on the corporate tax return. The reimbursement is tax-free income to the employee.</p>	<p><b>Create Tax-Free Fringe Benefit Deductions for Your Smartphone</b></p>