



## 2020 S-Corporation Critical Year-End Action Items

S-Corp year-end action items need to be processed before the end of 2020. Please read and respond carefully to each question below. Even if you do not need our help, it is important for you to complete this form.

If we do not hear from you, we will assume you do not need our help this year.

As an S-Corporation owner (including LLC’s that are treated as S-Corporations for income tax purposes and file a federal 1120-S corporate income tax return), there are several critical year-end items that need to be considered to make sure you are in compliance with federal and local laws. We have listed many of these in the form below, to make sure that you are considering them for 2020 year-end, and to determine whether you need our assistance with any of them.

Business name: \_\_\_\_\_ Owner/manager name: \_\_\_\_\_

### OWNER SALARY

1. As an S-Corporation employee-owner, you are required to pay yourself **reasonable** compensation for services you provided to your business in 2020. Be aware the IRS has been looking at this more closely, and we highly recommend documenting your process to calculate your adequate salary. Do you need our assistance in calculating and/or processing your personal (business owner) payroll for 2020?

Yes  No

If you answered yes to #1, please provide the following additional details:

- What is the amount of **reasonable** compensation that you are going to report as wages for each owner in 2020? \_\_\_\_\_
- If you have already paid yourself through your payroll system in 2020, please provide the 2020 year-to-date (YTD) amounts for your owner’s payroll for the following:
  - YTD Salary/Wages. \_\_\_\_\_

### SHAREHOLDER HEALTH INSURANCE

2. There is a federal income tax deduction available for self-employed health insurance premiums paid by a business for the owner (and their family). In order to take advantage of this deduction, neither spouse can be offered group health insurance through an employer, and the premiums paid have to be reported on the owner’s W-2. (Note: *if you use a payroll service, you will need to communicate and determine the correct figures with your payroll service, by the date they require to avoid surcharges*). Do you need our assistance with determining whether you qualify for this deduction, the amount of shareholder health insurance deduction, or the steps necessary to reflect this deduction on your W-2?

Yes  No



If you answered yes to #2, what are the total premiums for 2020 **that will be paid by 12/31/2020**, for shareholder family health insurance (medical, dental, vision, and Medicare) that is not part of a pre-tax plan through a different employer? **This needs to be the exact amount, NOT an estimate.**

\_\_\_\_\_

**SAFE HARBOR**

3. The IRS and most states require a minimum amount of income taxes to be paid on behalf of a taxpayer during the year. This is called a safe harbor, and varies depending on your prior year and current year tax situation. For many S-Corporation employee-owners, the annual salary/W-2 is a good way to meet your safe harbor. Do you need our assistance in determining how much Federal and State taxes should be withheld from your pay to cover your Safe Harbor for 2020?

Yes  No

If you answered yes to #3, please provide these following additional details:

- YTD Federal Tax Withholding
- YTD State Tax Withholding

\_\_\_\_\_  
\_\_\_\_\_

Even if you cover your safe harbor, you may still owe taxes when you file your personal income tax return. You can choose to pay more than the safe harbor at this time, based on the total tax you expect for 2020, and reduce the likelihood of owing taxes when you file your personal tax return.

Do you want your Federal and State income tax withholdings to cover **only** your Safe Harbor for 2020, **OR** additional taxes based on what you think you may owe for 2020?

- Safe Harbor Only                       Additional Taxes

If you choose to pay only your safe harbor at this time, should we use your 2019 total tax for this calculation, or do you expect your 2020 total tax to be significantly lower than 2019?

- Use 2019 taxable income
- My 2020 total tax may be lower and I need a 2020 tax estimate

**RETIREMENT PLAN**

4. Have you made any contributions to a business retirement plan (401 (k), Simple, or SEP) for 2020 or do you plan to by the due date?

Yes  No

- I don't have a retirement plan       I would like to discuss a retirement plan

- If YES, What are the total contributions you will make for 2020?
- Do you want our help in determining this amount?

\_\_\_\_\_  
 Yes  No



**PAYROLL FILINGS**

5. Do you need our assistance to process your 4<sup>th</sup> quarter or year-end forms in January (Federal 941 and 940, state withholding, state unemployment, W-2, and W-3)?  Yes  No

**1099-NEC FORMS (Replaces 1099-MISC Form)**

6. The IRS requires businesses to issue a Form 1099-NEC (formally 1099-MISC) to any non-corporate vendor to which you pay at least \$600 during a calendar year for services or rents. You will be required to answer a question on your signed income tax return whether any 1099's were required, and if so whether you filed all required forms. Do you need our assistance in preparing and filing your 2020 1099-NEC forms?  Yes  No

I need help determining if any 1099's are necessary

**OTHER INFORMATIONAL RETURNS**

7. Other returns may be required, such as 1099-INT for interest paid to individuals, 1099-DIV for dividends paid, or 1098 Mortgage Interest to non-corporate lenders. Do you need our assistance in preparing and filing other information returns?  Yes  No

I need help determining if any additional informational returns are necessary

**LOCAL TAX/REGULATIONS**

*Due to a recent U.S. Supreme Court decision that vastly increased the complexity of interstate sales tax rules, we have determined that we no longer have the expertise or the capacity to prepare sales tax returns for our clients who sell any products outside of Colorado.*

8. There are several other types of local business taxes/regulations for which you may be liable, as described in our Annual Business Checkup. Please indicate whether you need our assistance with any of the following:

- City, County, or State sales tax (only for sales within Colorado)  Yes  No
- City, County, or State use tax (only for purchases within Colorado)  Yes  No
- Accounting for employee personal use of business vehicles  Yes  No
- Larimer County (or other county) business personal property tax declaration  Yes  No

**TAX EXTENSION**

9. Are you planning on extending your 2020 tax return (note that extending your business return also will necessitate extending your personal return)?  Yes  No