

MINI-CHECKLIST
S CORPORATION INCOME TAX RETURN
2013 – FORM 1120S

Client Name and Number: _____

Prepared by: _____ Date: _____ Reviewed by: _____ Date: _____

GENERAL INFORMATION

	<u>Done</u>	<u>N/A</u>		<u>Done</u>	<u>N/A</u>
1. Consider if any conflict(s) of interest exist(s) between the entity and its shareholders and/or officers.	___	___	4. Calculate gains, losses and recaptures on disposition of property.	___	___
2. Consider obtaining signed engagement letter/ privilege engagement letter/ power of attorney.	___	___	5. Consider the following:		
3. Review permanent file, prior year returns, workpapers, correspondence and audit results.	___	___	Advance payments	___	___
4. Review and update the corporation's and shareholders' names and addresses, fiscal year, and business code.	___	___	At-risk rules	___	___
5. Review pro forma/organizer accuracy.	___	___	Deferred income/expenses	___	___
6. Update carryforward schedules including effect of prior period tax audits.	___	___	Discharge of indebtedness	___	___
7. Review methods of accounting. (Rev. Proc. 2011-14, as modified by 2012-20)	___	___	Economic accrual of rent	___	___
8. Consider election to apply new repair vs. capitalization regulations prior to January 1, 2014 (T D 9636, 9/13/2013).	___	___	Installment sales and related interest charges on deferred tax (Installment Sales Checklist)	___	___
9. Consider below-market-rate loan rules.	___	___	Involuntary conversions in qualified disaster areas, including livestock (§1033(e) and, (f) and Notices 2006-82, 2007-80, 2008-86, 2009-81, 2010-64, 2011-79 and 2012-62).	___	___
10. Review financial statements and footnotes for relevant information.	___	___	Lease inclusion for luxury autos	___	___
11. Review Board minutes.	___	___	Like-kind exchanges	___	___
12. Consider filing power of attorney in addition to "check-box" option.	___	___	Ordinary income on market discount bonds and deferral of related interest expense	___	___
13. Consider state and local tax filing requirements and report necessary shareholder information.	___	___	Passive activities (See Passive Activity Checklist.)	___	___
14. Consider if disaster relief provisions apply.	___	___	Sales or exchanges between the corporation and shareholder or other related parties	___	___
15. Consider if Form(s) 926, 5471, 5472, 8621, 8858, 8865 or 8886 is/are required.	___	___	Wash sales	___	___
16. If fiscal year retained, determine that Forms 8716 and 8752 are timely filed.	___	___	Worthless securities	___	___
18. Include QSub activity.	___	___			
19. Consider Federal and state e-filing requirements.	___	___			

DEDUCTIONS

INCOME

1. Compare portfolio income with prior year.	___	___	1. Consider uniform capitalization rules (See Uniform Capitalization Checklist.)	___	___
2. Segregate qualified dividends.	___	___	2. For charitable contributions consider:		
3. Include only trade or business income on page 1, Form 1120S.	___	___	If Form 8283 is required for noncash contributions. (Note qualified appraisal requirements.)	___	___
			Basis adjustment rules for donations of appreciated property.	___	___
			If adequate contemporaneous documentation was obtained for charitable contributions. (Note receipts required for all cash donations.)	___	___
			Limits on donations if property disposed of within three years.	___	___
			3. Determine officers/shareholders' compensation.	___	___
			4. Determine deductibility of vacation pay accrual.	___	___
			5. Determine applicability of 2½ month deferred comp rule for nonshareholder employees and independent contractors and §409A applicability.	___	___
			6. Determine that fringe benefits (including Health Savings Accounts) for more than 2% shareholders are properly reported on Form W-2 and deducted.	___	___
			7. Inquire if travel and entertainment expenses are substantiated by adequate records. (See Vehicle Related Guides.)	___	___

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	<u>Done</u>	<u>N/A</u>		<u>Done</u>	<u>N/A</u>
8. Limit meals and entertainment to allowable percentage.	___	___	3. Compute AMT and ACE depreciation.	___	___
9. Consider deduction for domestic production activities. (Form 8903)	___	___	4. Compute state depreciation, if different.	___	___
TAX COMPUTATION AND CREDITS					
10. Consider limitations on personal use of business aircraft for officers, directors and >10% owners.	___	___	1. Reconcile income and expenses per return with books.	___	___
11. Consider expensing for certain demolition and clean-up costs in qualified disaster areas.	___	___	2. Consider the following:		
12. Consider the following for officers and shareholders:			Credit recapture tax	___	___
Nondeductible life insurance. (Other Adjustment Account) (Rev. Rul. 2008-42)	___	___	Estimated federal (SBJA 2010 and HIREA 2010) and state tax payments	___	___
Limitation on losses, or accruals between related parties.	___	___	Pre S Corporation NOL Carryforwards	___	___
Inadequate compensation.	___	___	Schedule M-3 and Form 8916A for certain corporations	___	___
Split-dollar insurance treatment (Reg. § 1.61-22)	___	___	Tax credits See Section 510 of long form checklist for more details.	___	___
13. Review amount and timeliness of retirement plan contributions.	___	___	Tax on built-in gain (ARRA2009 and SBJA 2010)	___	___
14. Properly report expenses allocable to portfolio income on Schedules K and K-1 and not deducted on page 1, 1120S.	___	___	Tax on excess net passive income (For tax years beginning after 5/25/07, exclude capital gains on stock and securities.)	___	___
SHAREHOLDER INFORMATION					
15. Determine if § 409A deferred compensation rules apply to compensation arrangements	___	___	1. Shareholder allocation/limitation:		
16. Consider limitations on deductibility of:			Attach shareholder consent and statement of election. (Prop. Reg. § 1.1377-1)	___	___
Bad debts	___	___	Consider transfer of attributes in a divorce property settlement.	___	___
Casualty loss	___	___	Determine that income, deductions, and credits are allocated to the shareholders on a per-share, per-day basis.	___	___
Club dues	___	___	If complete termination occurred, consider specific cut off.	___	___
Lobbying expense/Association dues	___	___	2. Consider election to treat spouses as one shareholder.	___	___
Organization expenses	___	___	3. Shareholder distribution/basis computations:		
Split-dollar insurance	___	___	Determine that equity increases and decreases (Schedule M) are properly segregated among:	___	___
Start-up expenditures	___	___	Accumulated adjustment account (Rev. Rul. 2008-42)	___	___
State taxes	___	___	Other adjustments account	___	___
Stock option compensation	___	___	Shareholders undistributed PTI	___	___
17. Consider basis limitations and at-risk rules.	___	___	Determine proper reporting if distributions exceed accumulated adjustment account.	___	___
18. Consider deduction for energy-efficient commercial building property for property placed in service after 12/31/05 and before 1/1/14.	___	___	Consider electing distributions out of accumulated earnings and profits. (Form 5452 required) (For tax years beginning after 5/25/07, pre-83 earnings and profits are excluded).	___	___
DEPRECIATION/AMORTIZATION					
1. Consider the following:			Determine that gains are recognized and allocated to each shareholder for distribution of appreciated property.	___	___
§ 179 election (ATRA 2012)	___	___	If Corporation is bankrupt or insolvent, determine that basis is not increased for cancellation of debt that is not treated as an income item.	___	___
§ 179D election	___	___	Equalize distributions among shareholders when state composite taxes are paid for shareholders by corporation.	___	___
Methods and lives (ATRA 2012)	___	___	4. Consider S Corporation Shareholder Basis Practice Guide.	___	___
Listed property (ATRA 2012)	___	___			
Capitalization of leased property	___	___			
Additional first-year depreciation (SBJA 2010, TRUIRJCA 2010 and Rev. Proc. 2011-26).	___	___			
Amortization of goodwill and other intangibles	___	___			
Like-kind exchange and involuntary conversion property rules	___	___			
Special 15-year straight-line depreciation for qualified leasehold improvements, qualified restaurant property and qualified retail improvements placed in service before January 1, 2014 (ATRA 2012)	___	___			
2. Consider amending returns to elect and/or revoke § 179 elections. (ATRA 2012)	___	___			

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Done N/A

K-1 INFORMATION

Done N/A

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| <p>1. Verify correctness of shareholders' names, addresses and identification numbers. — —</p> <p>2. Properly reflect shareholders' shares of all items that affect tax liability. Note:
 Reporting requirements for dividends — —
 Rules for charitable donations of patents and other intellectual property — —
 Rules for deductibility of motor vehicles — —
 The list of codes included with the current Schedule K-1 for other potential items — —</p> <p>3. Segregate and report tax preference and adjustment items. — —</p> <p>4. Determine that information relating to interest expense on debt-financed distributions has been provided. Consider optional allocation method under Notice 89-35. — —</p> <p>5. Consider separate reporting of passive activities on K-1 schedules (Passive Activity Checklist) and disclosure statement for groupings of activities. — —</p> <p>6. Consider at-risk rules. — —</p> | <p>8. Inquire if foreign financial accounts exist. Note reporting requirements for June 30 filing deadline for Form TD F 90-22.1 and increased IRS scrutiny in this area. — —</p> <p>9. Determine that shareholder loans will be treated as economic investments. See final regulation for determining basis on open account debt and gain on repayments of such debt. (TD 9428, 10/20/08) — —</p> <p>10. Attach extension request. — —</p> <p>11. Determine whether the corporation has any reportable transactions that should be disclosed on Form 8886. — —</p> <p>12. If corporation purchased life insurance on employees or directors after 8/17/06, consider whether the corporation satisfied the notification and annual information reporting requirements. (Form 8925) (§§ 101(j) and 6039I) — —</p> <p>13. If the corporation is a party to an applicable asset acquisition, prepare Form 8594 and file with return. — —</p> <p>14. If the corporation purchased stock of another corporation, consider §338(h)(10) and QSub elections. — —</p> <p>15. Consider disclosure requirements for written tax advice under Circular 230. — —</p> <p>16. Consider preparer penalties, Consider filing Form 8275 or Form 8275R to avoid penalties for non-shelters and non-reportable transactions. — —</p> |
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OTHER

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| <p>1. Consider elections and statements such as:
 Cash vs. accrual accounting method — —
 Exception from economic performance for recurring items and 3½ month rule — —
 Expense/amortize business start-up cost (TD 9542) — —
 Expense/amortize organization expenses (TD 9542) — —
 Expense intangible drilling costs — —
 Formation disclosure statement (§351). — —
 Grouping/aggregating passive activities. — —
 Method for valuation of inventory — —
 Ratable accrual of real property taxes (first year only) — —
 Reorganization disclosure statements. — —
 Research and experimental cost — —
 Separate reporting of intangible drilling costs, mining development costs and circulation costs — —</p> <p>2. Consider change in accounting method or period. See Form 3115 or Form 1128 instructions and note requirements to file copies with IRS offices, as well as with tax return. — —</p> <p>3. Consider federal and state e-filing requirements. — —</p> <p>4. Determine if requirements for avoiding penalties for improper disclosure or use of taxpayer information by tax return preparers imposed under §§6713 and 7216 have been met. Note state requirements may differ. — —</p> <p>5. Consider risk of accuracy-related penalty. (§ 6662) — —</p> <p>6. Consider new § 6699 penalty for failure to file timely S Corporation return or failure to contain information required under § 6037. — —</p> <p>7. Inquire whether all required information returns have been filed. Note increased penalties for failure to timely file. — —</p> | <p>17. Consider Schedule M-3 filing requirements. — —</p> <p>18. Note tax planning/additional service suggestions. — —</p> |
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