

# STANDARD CALENDAR IRS FORM 1120-S — U.S. INCOME TAX RETURN FOR AN S CORPORATION

\*\*For the tax year beginning and ending \*\*

This document is a complete working draft of IRS Form 1120-S (U.S. Income Tax Return for an S Corporation) for [CORPORATION NAME] for tax year 2025. It incorporates federal statutory requirements under IRC §§1361–1378, §6037, §6699, §163(j), and §199A, together with state-specific conformity notes and compliance alerts.

## Part I — Identifying Information

| Field | Value | |---|---| | Corporation name | [CORPORATION NAME] | | Address | [ADDRESS] | | Employer Identification Number (EIN) | [EIN] | | Date incorporated | | | State of incorporation | [STATE] | | S-election effective date (per Form 2553) | | | Principal business activity | [PRINCIPAL BUSINESS ACTIVITY DESCRIPTION] | | NAICS code | [PRINCIPAL BUSINESS ACTIVITY NAICS CODE] | | Accounting method | Accrual | | Total assets at year-end (Schedule L) | \$0.00 | | Number of shareholders at year-end | 1 |

### Checkboxes (Page 1, Item H):

- (1) Final return
- (2) Name change
- (3) Address change
- (4) Amended return
- (5) S-election termination or revocation

## Part II — Income (Page 1, Lines 1–6)

| Line | Description | Amount | |---|---|---| | 1a | Gross receipts or sales | \$0.00 | | 1b | Returns and allowances | \$0.00 | | 1c | Net receipts (1a – 1b) | — | | 2 | Cost of goods sold (Schedule A) | \$0.00 | | 3 | Gross profit (1c – 2) | — | | 4 | Net gain/(loss) from Form 4797 | \$0.00 | | 5 | Other income | \$0.00 | | 6 | **Total income** | — |

Capital gains and losses are not reported in this section; they flow through Schedule D (Form 1120-S) to Schedule K and Schedule K-1. Ordinary gains/losses on sales of business property are reported via Form 4797 on Line 4.

### Part III — Deductions (Page 1, Lines 7–21)

| Line | Description | Amount | |---|---|---| | 7 | Compensation of officers | \$0.00 | | 8 | Salaries and wages (other employees) | \$0.00 | | 9 | Repairs and maintenance | \$0.00 | | 10 | Bad debts | \$0.00 | | 11 | Rents | \$0.00 | | 12 | Taxes and licenses | \$0.00 | | 13 | Interest expense | \$0.00 | | 14 | Depreciation (from Form 4562, not claimed on Sch. A) | \$0.00 | | 15 | Depletion (do **not** deduct oil/gas depletion) | \$0.00 | | 16 | Advertising | \$0.00 | | 17 | Pension / profit-sharing plans | \$0.00 | | 18 | Employee benefit programs | \$0.00 | | 19 | Other deductions (attach statement) | \$0.00 | | 20 | **Total deductions** (sum of Lines 7–19) | — | | 21 | **Ordinary business income / (loss)** (Line 6 – Line 20) | — |

**Section 179 expense.** The §179 deduction of \$0.00 is **not** deducted at the corporate level; it passes through to shareholders on Schedule K-1, Box 11, subject to each shareholder's independent active-income and aggregate §179 limitations.

**Oil & gas depletion.** Per IRC §613A(c)(11), percentage depletion with respect to oil and gas wells is computed separately by each shareholder, not at the corporate level. Shareholders receive the information necessary to compute their own depletion via Schedule K-1.

#### Reasonable Compensation Audit Risk

[CORPORATION NAME] reports \$0.00 of officer compensation (Line 7) while confirming that one or more shareholders actively perform services for the corporation. The Internal Revenue Service actively scrutinizes S-corporations that pay zero or nominal officer compensation and reclassifies distributions as wages subject to FICA/SECA, interest, and penalties under IRC §3121; *Rev. Rul. 74-44*; *Spicer Accounting, Inc. v. United States*, 918 F.2d 90 (9th Cir. 1990); and numerous progeny. Active owner-officers should receive W-2 wages commensurate with services rendered — benchmarked to Bureau of Labor Statistics data, industry surveys, or comparable arm's-length market compensation — before any non-wage distributions are taken.

### Part IV — Tax, Payments, and Entity-Level Taxes

#### Part V — Schedule B (Other Information)

- **Q.1** Accounting method: Accrual.
- **Q.2** Principal business activity: [PRINCIPAL BUSINESS ACTIVITY DESCRIPTION] (NAICS [PRINCIPAL BUSINESS ACTIVITY NAICS CODE]).
- **Q.3** Number of shareholders at year-end: 1.
- **Q.10** Interest in foreign financial account: **No**.
- **Q.11** Domestic filing exception to Schedule K-2/K-3: **No**.

## Part VI — Schedule K (Separately Stated Items — Pass-Through to Shareholders)

Schedule K aggregates the items that pass through from the corporation to shareholders on a pro-rata basis. Each item below is allocated to shareholders on Schedule K-1 based on percentage ownership (or per-share, per-day under IRC §1377(a)(1)).

| K-Line | Item | Amount | K-1 Box | |---|---|---|---| | 1 | Ordinary business income/(loss) | — (Line 21) | Box 1 | | 2 | Net rental real estate income/(loss) | \$0.00 | Box 2 | | 4 | Interest income | \$0.00 | Box 4 | | 5a | Ordinary dividends | \$0.00 | Box 5a | | 7 | Net short-term capital gain/(loss) | \$0.00 | Box 7 | | 8a | Net long-term capital gain/(loss) | \$0.00 | Box 8a | | 9 | Net §1231 gain/(loss) | \$0.00 | Box 9 | | 11 | §179 expense deduction | \$0.00 | Box 11 | | 12a | Charitable contributions | \$0.00 | Box 12 | | 13 | Credits | — | Box 13 | | 16 | Distributions to shareholders | \$0.00 | Box 16 | | 17 | §199A QBI information | — | Box 17, Code V |

## Part VII — Schedule K-1 (Shareholder Information)

A separate Schedule K-1 (Form 1120-S) has been prepared for each person who was a shareholder at any time during the tax year. K-1s are furnished by the due date of this return (including extensions) to avoid the \$290-per-K-1 penalty under IRC §6722.

| # | Name | SSN/EIN | Address | Ownership % | |---|---|---|---| | 1 | [SHAREHOLDER 1 FULL LEGAL NAME] | [SHAREHOLDER 1 SSN OR EIN] | [SHAREHOLDER 1 ADDRESS] | 100% |

**§199A Qualified Business Income information** is reported on each shareholder's Schedule K-1, Box 17, Code V, together with any Code W (REIT/PTP dividends) and allocable W-2 wages and unadjusted basis of qualified property — the information each shareholder needs to compute the 20% QBI deduction on the shareholder's personal return.

**Form 7203 — Shareholder Basis (Effective 2025).** Shareholders are reminded that Form 7203 (S Corporation Shareholder Stock and Debt Basis Limitations) is required for any shareholder who (a) claims a deduction for an S-corporation loss, (b) received a non-dividend distribution, (c) disposed of S-corporation stock, or (d) received a loan repayment from the corporation. Effective for 2025 returns, nondeductible-expense basis reductions reported in Box 13, Code H, are carried to **Form 7203, Part III, Line 45**. Shareholders must also track debt basis separately from stock basis, and the corporation should furnish each shareholder with a year-end basis schedule to facilitate preparation.

## Part VIII — Schedule M-1 / M-2 / L

**Schedule M-2 — Accumulated Adjustments Account (AAA).** The corporation maintains an AAA, Other Adjustments Account (OAA), and (if applicable) Previously Taxed Income (PTI) account in accordance with IRC §1368 and Treas. Reg. §1.1368-2. Distributions are sourced in the statutory order: first from AAA (tax-free to the extent of stock basis), then from accumulated C-corp E&P (dividend), then from remaining stock basis (tax-free return of capital), then capital gain.

## Part IX — State Compliance Notices

### Part X — Filing, Extension, and E-File Compliance

**Due date.** For calendar-year filers, this return is due **March 15** (or the next business day if March 15 falls on a weekend or federal holiday) of the year following the tax year. For fiscal-year filers, the return is due on the 15th day of the third month following fiscal year-end.

**Extension (Form 7004).** A six-month automatic extension of time to file is available by submitting Form 7004 on or before the original due date. **Form 7004 extends the time to file, not the time to pay.** Entity-level §1374 BIG tax, §1375 excess passive income tax, and §1363(d) LIFO recapture installments remain due on the original due date, and underpayment interest under IRC §6601 and failure-to-pay penalties under IRC §6651(a)(2) accrue from that date.

**Mandatory E-File.** Under Treasury Regulation §301.6011-3 (as amended by T.D. 9972, effective January 1, 2024), any filer required to file 10 or more returns of any type during the calendar year — aggregating income-tax, employment-tax (Forms 940/941/944), excise-tax, and information returns (Forms 1099, W-2, etc.) — must e-file Form 1120-S. Failure to e-file when required is treated as a failure to file the return and triggers IRC §6699 penalties.

### Part XI — Legislative Watch (2025)

### Part XII — Top Compliance Reminders

1. **Valid S-election.** An approved Form 2553 (or CP261 acceptance letter) is a jurisdictional prerequisite to filing Form 1120-S (IRC §1362).
2. **Eligible shareholders only.** Non-resident aliens, partnerships, C-corps, ineligible trusts, IRAs, and 401(k)s terminate the election retroactively (IRC §1361(b)(1)(B)-(C)).
3. **One class of stock.** Differences limited to voting rights are permitted; differences in distribution or liquidation rights are not (IRC §1361(b)(1)(D)). Confirm distributions were pro rata.
4. **Reasonable compensation** for active owner-officers must be paid before distributions (IRC §3121; Rev. Rul. 74-44).
5. **Schedule K-1 furnished to every shareholder** by the due date of the return (IRC §6037(b); penalty under IRC §6722 = \$290/K-1).
6. **Shareholder basis tracking (Form 7203).** Losses > basis are suspended; distributions > basis are capital gains (IRC §1366(d); §1367).
7. **AAA maintenance** on Schedule M-2 controls character of distributions (IRC §1368).
8. **E-file if ≥ 10 returns** (Treas. Reg. §301.6011-3).

- 9. **Form 7004 extends filing, not payment.** Entity-level taxes (BIG, excess passive income, LIFO recapture) accrue interest from the original due date (IRC §6651).
- 10. **State conformity is not automatic.** Verify CA Form 3560, NY Form CT-6, and city-level rules before assuming federal S-status flows through.

**Part XIII — Penalties Summary**

| Penalty | Amount | Authority | |---|---|---| | Failure to file Form 1120-S | \$220 per shareholder per month, up to 12 months | IRC §6699(a) | | Minimum late-filing (>60 days late) | Lesser of tax due or ~\$510 (2025, indexed) | IRC §6651(a)(1) | | Failure to pay | 0.5% per month of unpaid tax | IRC §6651(a)(2) | | Failure to furnish K-1 | \$290 per K-1 not furnished timely | IRC §6722 | | Accuracy-related | 20% of underpayment | IRC §6662 | | Fraud | 75% of underpayment | IRC §6663 | | Estimated tax underpayment (entity-level) | Per IRC §6655 | IRC §6655 |

**Part XIV — Signature**

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.

**Authorized Officer**

\_\_\_\_\_  
 PRINTED NAME

\_\_\_\_\_  
 SIGNATURE

\_\_\_\_\_  
 DATE

**Signing officer:** [SIGNING OFFICER FULL LEGAL NAME], President.

*This working draft of Form 1120-S has been generated based on the data provided by the taxpayer and is not a substitute for professional tax advice. The Internal Revenue Service is the final authority on all questions of federal tax law; state taxing authorities govern state filings.*