



EVERYTHING YOU NEED TO KNOW ABOUT S-CORPS

WHAT IS AN S-CORPORATION?

An S-Corporation is a type of LLC, just taxed differently. An S-Corp is a “flow through” entity, meaning all funds flow through the business to the owner. The owner can then pay themselves a “reasonable salary” from the business's earnings. While all the earnings will be yours, you will only have to pay taxes on the salary you paid yourself. If you are an independent contractor, starting an S-Corp is the smartest way to save on taxes.



SETTING UP AN S-CORP

Starting an SCORP is easy & COS Accounting will take care of the entire set up process. The forms we file include:

Articles of Organization:



Business filing that outlines to the state the structure & purpose of the business

SS-4:



The IRS gives you an EIN, like a social security number for your business

F2553:



A form that elects s-corp status for tax purposes with the IRS

DOING TAXES AS AN S-CORP

Paying taxes as an S-Corporation is different from normal. Instead of paying a large sum of taxes once a year, you will now be paying a smaller amount of taxes 4 times a year. These are known as Quarterly Reports.



TAX PLANNING MEETING

We schedule tax planning meetings with all our clients. This will give you a preview of what your taxes will look like before we prepare your return. Use this meeting to ask any questions & share any additional income or information you want us to know!

BUSINESS OWNER RESPONSIBILITIES

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Unemployment Insurance

Business owners are required to pay unemployment insurance. This covers you in case you need to start taking unemployment. The cost will be small, but it is required.



Renewal & Other Fees

Each state may have fee based on their own rules and regulations. The most common will be an annual LLC renewal fee (typically \$20). Feel free to send us the letters you receive and we can explain what needs to be done.



Business Bank Account

While this is technically not required, we strongly recommend setting up your own business bank account. This makes tracking business earnings easier, and also offers more liability protection in case you get sued.

Our team at COS Accounting will handle all the confusing stuff, and we will let you know when we need help from you (like a signature or payment information)

Feel free to reach out anytime with any questions or concerns you may have!

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