

# Form 1120 S Instructions

2019

## Instructions for Form 1120-S



Department of the Treasury  
Internal Revenue Service

### U.S. Income Tax Return for an S Corporation

Section references are to the Internal Revenue Code unless otherwise noted.

Contents	Page
Future Developments	1
What's New	1
Photographs of Missing Children	1
The Taxpayer Advocate Service	2
Direct Deposit of Refund	2
How To Get Forms and Publications	2
General Instructions	2
Purpose of Form	2
How To Make the Election	2
Who Must File	2
Termination of Election	2
Electronic Filing	2
When To File	3
Where To File	3
Who Must Sign	3
Paid Preparer Authorization	3
Assembling the Return	3
Tax Payments	4
Electronic Deposit Requirement	4
Estimated Tax Payments	4
Interest and Penalties	4
Accounting Methods	5
Accounting Period	5
Rounding Off to Whole Dollars	5
Recordkeeping	5
Amended Return	6
Other Forms and Statements That May Be Required	6
Passive Activity Limitations	7
Net Investment Income Tax Reporting Requirements	11
Extraterritorial Income Exclusion	12
Specific Instructions	12
Period Covered	12
Name and Address	12
Item B. Business Code	12
Item C. Schedule M-3 Information	12
Item D. Employer Identification Number (EIN)	12
Item F. Total Assets	12
Item H. Final Return, Name Change, Address Change, Amended Return, or S Election Termination or Revocation	13
Income	13
Deductions	14
Tax and Payments	19

Contents	Page
Schedule B	20
Schedules K and K-1 (General Instructions)	21
Specific Instructions (Schedule K-1 Only)	22
Specific Instructions (Schedules K and K-1, Part III)	23
Schedule L	42
Schedule M-1	43
Schedule M-2	43
Principal Business Activity Codes	47
Index	50

### Future Developments

For the latest information about developments related to Form 1120-S and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form1120S](https://www.irs.gov/Form1120S).

### What's New

**Qualified business income (QBI) deduction.** The Schedules K and K-1, box 17, codes V through Z, related to the QBI deduction, have been changed or removed. New pass-through entity reporting statements have been included in these instructions to assist the S corporation in reporting the proper QBI items and other information to its shareholders. These statements, or substantially similar statements, must be attached to each shareholder's Schedule K-1 reporting their pro rata share of each item and other information as applicable. See [Section 199A information \(code V\)](#).

**Qualified opportunity fund investment.** If the corporation held a qualified investment in a qualified opportunity fund (QOF) at any time during the year, the corporation must file Form 8997, Initial and Annual Statement of Qualified Opportunity Fund (QOF) Investments, with its tax return. See the instructions for Form 8997.

**New item J checkboxes added to Form 1120-S, page 1.** Use the new checkboxes if activities were aggregated for at-risk purposes or grouped for passive activity purposes. See the instructions for [item J](#), later.

**New lines 18 and 19 checkboxes added to Schedule K-1, page 1.** Use the new checkboxes to alert shareholders to statements attached to provide information on more than one activity for at-risk or passive activity purposes. See

the instructions for [line 18](#) and [line 19](#) under Specific Instructions (Schedules K and K-1, Part III), later.

**AMT refundable credit provisions.** Line 23d has been reserved for future use. The AMT refundable credit provisions **do not** apply to S corporations. See sections 1371(b)(1) and 1374(b)(3)(B).

**Increase in penalty for failure to file.** For returns that are due after 2019, the minimum penalty for failure to file a return that is over 60 days late has increased to the smaller of the tax due or \$435. See [Late filing of return](#), later.

**Disaster relief.** Code G of Schedule K-1 (Form 1120-S), box 12 is now used to report qualified cash contributions for relief efforts in certain disaster areas. See [Line 12a, Charitable Contributions](#) under the Specific Instructions for Schedules K and K-1.

Eligible employers in certain disaster areas can use Form 5884-A to report the employee retention credit.

For more information on these and other disaster relief provisions, see Pub. 976, Disaster Relief.

### Reminders

**Election by a small business corporation.** Don't file Form 1120-S unless the corporation has filed or is attaching Form 2553, Election by a Small Business Corporation. For details, see the Instructions for Form 2553.

**Special rules for qualified opportunity funds (QOFs).** If the corporation is operating as a QOF, see [Other Forms and Statements That May Be Required](#), later. For additional information, see [Opportunity Zones Frequently Asked Questions](#) on IRS.gov.

### Photographs of Missing Children

The Internal Revenue Service is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](#). Photographs of missing children selected by the Center may appear in these instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Jan 16, 2020

Cat. No. 11515K

Form 1120-S INSTRUCTIONS ARE CRUCIAL FOR S CORPORATIONS LOOKING TO FILE THEIR FEDERAL TAX RETURNS CORRECTLY. AN S CORPORATION, OR S CORP, IS A SPECIAL TYPE OF CORPORATION THAT MEETS SPECIFIC INTERNAL REVENUE CODE REQUIREMENTS. THE S CORP ALLOWS INCOME, LOSSES, DEDUCTIONS, AND CREDITS TO BE PASSED THROUGH TO SHAREHOLDERS, AVOIDING DOUBLE TAXATION ON THE CORPORATE INCOME. UNDERSTANDING HOW TO NAVIGATE THE FORM 1120-S INSTRUCTIONS IS ESSENTIAL FOR COMPLIANCE AND ENSURING THE BENEFITS OF S CORPORATION STATUS ARE FULLY REALIZED.

## UNDERSTANDING FORM 1120-S

Form 1120-S, U.S. INCOME TAX RETURN FOR AN S CORPORATION, IS THE PRIMARY TAX FORM USED BY S CORPORATIONS TO REPORT INCOME, DEDUCTIONS, GAINS, LOSSES, AND OTHER TAX-RELATED INFORMATION. UNLIKE TRADITIONAL CORPORATIONS THAT PAY CORPORATE INCOME TAX, S CORPORATIONS ARE PASS-THROUGH ENTITIES. THIS MEANS THAT PROFITS AND LOSSES ARE REPORTED ON THE INDIVIDUAL TAX RETURNS OF THE SHAREHOLDERS, WHICH CAN RESULT IN SIGNIFICANT TAX BENEFITS.

# ELIGIBILITY FOR S CORPORATION STATUS

BEFORE DIVING INTO THE FORM 1120-S INSTRUCTIONS, IT'S ESSENTIAL TO UNDERSTAND THE ELIGIBILITY REQUIREMENTS FOR AN S CORPORATION. TO QUALIFY, THE ENTITY MUST MEET THE FOLLOWING CRITERIA:

1. BE A DOMESTIC CORPORATION: THE CORPORATION MUST BE INCORPORATED IN THE UNITED STATES.
2. HAVE ELIGIBLE SHAREHOLDERS: SHAREHOLDERS MUST BE INDIVIDUALS, CERTAIN TRUSTS, OR ESTATES. CORPORATIONS AND PARTNERSHIPS CANNOT BE SHAREHOLDERS.
3. LIMIT ON THE NUMBER OF SHAREHOLDERS: AN S CORPORATION CAN HAVE NO MORE THAN 100 SHAREHOLDERS.
4. SINGLE CLASS OF STOCK: THE CORPORATION MUST HAVE ONLY ONE CLASS OF STOCK, ALTHOUGH DIFFERENCES IN VOTING RIGHTS ARE PERMISSIBLE.
5. TIMELY ELECTION: THE CORPORATION MUST FILE FORM 2553 TO ELECT S CORPORATION STATUS, GENERALLY WITHIN 75 DAYS OF FORMATION OR BY THE 15TH DAY OF THE THIRD MONTH OF THE TAX YEAR.

## FILING FORM 1120-S

FILING FORM 1120-S INVOLVES SEVERAL STEPS AND REQUIRES ACCURATE INFORMATION ABOUT THE CORPORATION'S FINANCIAL ACTIVITIES OVER THE TAX YEAR. BELOW IS A DETAILED GUIDE ON HOW TO COMPLETE THE FORM.

### GATHER NECESSARY INFORMATION

BEFORE FILLING OUT FORM 1120-S, COLLECT ALL RELEVANT FINANCIAL INFORMATION, INCLUDING:

- INCOME STATEMENTS: REVENUE GENERATED DURING THE TAX YEAR.
- EXPENSE REPORTS: DEDUCTIONS AND EXPENSES INCURRED.
- BALANCE SHEETS: ASSETS, LIABILITIES, AND EQUITY AT THE END OF THE TAX YEAR.
- SHAREHOLDER INFORMATION: NAMES, ADDRESSES, AND SHARES OWNED BY EACH SHAREHOLDER.

### COMPLETING THE FORM

FORM 1120-S CONSISTS OF SEVERAL SECTIONS. BELOW IS A BREAKDOWN OF KEY SECTIONS AND WHAT IS REQUIRED:

1. BASIC INFORMATION:
  - NAME AND ADDRESS OF THE CORPORATION.
  - EMPLOYER IDENTIFICATION NUMBER (EIN).
  - DATE OF INCORPORATION.
  - ACCOUNTING METHOD USED (CASH OR ACCRUAL).
2. INCOME SECTION:
  - REPORT GROSS RECEIPTS OR SALES.
  - INCLUDE RETURNS AND ALLOWANCES IF APPLICABLE.
  - CALCULATE COST OF GOODS SOLD (COGS) IF THE CORPORATION SELLS PRODUCTS.
3. DEDUCTIONS:
  - LIST ALL BUSINESS EXPENSES, INCLUDING:
    - SALARIES AND WAGES.
    - RENT OR LEASE PAYMENTS.
    - INTEREST EXPENSE.
    - DEPRECIATION AND AMORTIZATION.
4. TAX AND PAYMENTS:
  - CALCULATE ANY TAXES OWED BY THE S CORPORATION.

- INCLUDE ANY ESTIMATED TAX PAYMENTS MADE DURING THE YEAR.

#### 5. SCHEDULE K:

- THIS SECTION SUMMARIZES THE INCOME, DEDUCTIONS, CREDITS, AND OTHER ITEMS FOR THE CORPORATION, WHICH WILL BE PASSED THROUGH TO SHAREHOLDERS.

#### 6. SCHEDULE K-1:

- COMPLETE A SCHEDULE K-1 FOR EACH SHAREHOLDER TO REPORT THEIR SHARE OF INCOME, DEDUCTIONS, AND CREDITS.

## IMPORTANT DEADLINES

ADHERING TO DEADLINES IS CRUCIAL IN THE FILING PROCESS. HERE ARE ESSENTIAL DATES TO KEEP IN MIND:

- FILING DEADLINE: FORM 1120-S IS DUE ON THE 15TH DAY OF THE THIRD MONTH AFTER THE END OF THE CORPORATION'S TAX YEAR. FOR MOST CORPORATIONS THAT OPERATE ON A CALENDAR YEAR, THIS MEANS THE DUE DATE IS MARCH 15.
- EXTENSION: IF ADDITIONAL TIME IS NEEDED, AN EXTENSION CAN BE FILED USING FORM 7004, WHICH GRANTS AN AUTOMATIC SIX-MONTH EXTENSION.

## COMMON MISTAKES TO AVOID

FILING FORM 1120-S COMES WITH ITS CHALLENGES, AND AVOIDING COMMON PITFALLS CAN SAVE TIME AND POTENTIAL PENALTIES. HERE ARE SOME FREQUENT MISTAKES TO BE AWARE OF:

1. INCORRECT EIN: ENSURE THAT THE EMPLOYER IDENTIFICATION NUMBER IS ACCURATE AND MATCHES IRS RECORDS.
2. OMITTING INCOME: ALL INCOME SHOULD BE REPORTED, INCLUDING UNUSUAL SOURCES SUCH AS CANCELLATION OF DEBT.
3. INACCURATE DEDUCTIONS: DOUBLE-CHECK THAT ALL CLAIMED DEDUCTIONS ARE LEGITIMATE AND WELL-DOCUMENTED.
4. MISSING SCHEDULE K-1s: EVERY SHAREHOLDER MUST RECEIVE A SCHEDULE K-1, AND FAILURE TO PROVIDE THIS CAN RESULT IN PENALTIES.
5. LATE FILING: BE MINDFUL OF DEADLINES, AS LATE FILINGS INCUR PENALTIES.

## RESOURCES FOR HELP

IF YOU REQUIRE ASSISTANCE WHILE FILLING OUT FORM 1120-S, SEVERAL RESOURCES ARE AVAILABLE:

- IRS WEBSITE: THE IRS PROVIDES DETAILED INSTRUCTIONS FOR FORM 1120-S, ALONG WITH FREQUENTLY ASKED QUESTIONS.
- TAX PROFESSIONALS: HIRING A CERTIFIED PUBLIC ACCOUNTANT (CPA) OR TAX ADVISOR CAN HELP NAVIGATE THE COMPLEXITIES OF S CORPORATION TAXATION.
- ONLINE TAX SOFTWARE: MANY SOFTWARE PROGRAMS OFFER GUIDED ASSISTANCE FOR FILLING OUT FORM 1120-S AND E-FILED OPTIONS.

## CONCLUSION

UNDERSTANDING THE FORM 1120-S INSTRUCTIONS IS VITAL FOR S CORPORATIONS TO ENSURE PROPER FILING AND COMPLIANCE WITH IRS REGULATIONS. BY GATHERING THE RIGHT INFORMATION, COMPLETING THE FORM ACCURATELY, AND AVOIDING COMMON MISTAKES, S CORPORATIONS CAN ENJOY THE BENEFITS OF PASS-THROUGH TAXATION. KEEPING ABREAST OF DEADLINES AND UTILIZING AVAILABLE RESOURCES WILL ENHANCE THE FILING EXPERIENCE AND MINIMIZE THE RISK OF PENALTIES. WHETHER YOU ARE A SEASONED BUSINESS OWNER OR NEW TO THE S CORPORATION STRUCTURE, THOROUGH KNOWLEDGE OF FORM 1120-S IS ESSENTIAL FOR FINANCIAL SUCCESS.

# FREQUENTLY ASKED QUESTIONS

## WHAT IS FORM 1120-S USED FOR?

FORM 1120-S IS USED BY S CORPORATIONS TO REPORT INCOME, DEDUCTIONS, GAINS, LOSSES, CREDITS, AND OTHER TAX-RELATED INFORMATION TO THE IRS.

## WHO IS REQUIRED TO FILE FORM 1120-S?

S CORPORATIONS, WHICH ARE CORPORATIONS THAT HAVE ELECTED TO BE TAXED UNDER SUBCHAPTER S OF THE INTERNAL REVENUE CODE, ARE REQUIRED TO FILE FORM 1120-S.

## WHAT ARE THE DUE DATES FOR FILING FORM 1120-S?

FORM 1120-S IS TYPICALLY DUE ON THE 15TH DAY OF THE 3RD MONTH AFTER THE END OF THE CORPORATION'S TAX YEAR. FOR CALENDAR YEAR FILERS, THIS MEANS THE DUE DATE IS MARCH 15.

## CAN FORM 1120-S BE FILED ELECTRONICALLY?

YES, FORM 1120-S CAN BE FILED ELECTRONICALLY USING IRS-APPROVED E-FILING SOFTWARE OR THROUGH A TAX PROFESSIONAL WHO OFFERS E-FILING SERVICES.

## WHAT ARE THE PENALTIES FOR LATE FILING OF FORM 1120-S?

THE PENALTIES FOR LATE FILING CAN VARY BUT MAY INCLUDE A FAILURE-TO-FILE PENALTY THAT CAN BE AS HIGH AS \$210 PER MONTH FOR EACH MONTH THE RETURN IS LATE, MULTIPLIED BY THE NUMBER OF SHAREHOLDERS.

## WHAT INFORMATION IS NEEDED TO COMPLETE FORM 1120-S?

TO COMPLETE FORM 1120-S, YOU WILL NEED INFORMATION SUCH AS THE CORPORATION'S INCOME, EXPENSES, DEDUCTIONS, AND DETAILS ABOUT ALL SHAREHOLDERS, INCLUDING THEIR OWNERSHIP PERCENTAGES.

## HOW DOES AN S CORPORATION REPORT LOSSES ON FORM 1120-S?

AN S CORPORATION REPORTS LOSSES ON FORM 1120-S, WHICH THEN FLOW THROUGH TO THE SHAREHOLDERS' PERSONAL TAX RETURNS, ALLOWING THEM TO OFFSET OTHER INCOME IF THEY QUALIFY.

## WHERE CAN I FIND THE LATEST INSTRUCTIONS FOR FORM 1120-S?

THE LATEST INSTRUCTIONS FOR FORM 1120-S CAN BE FOUND ON THE IRS WEBSITE UNDER THE FORMS AND PUBLICATIONS SECTION, WHICH PROVIDES THE MOST CURRENT GUIDANCE AND UPDATES.

Find other PDF article:

<https://soc.up.edu.ph/49-flash/files?dataid=Ruf74-1941&title=qigong-hand-exercises-tapping.pdf>

## **Form 1120 S Instructions**

*Create your first form in Google Forms*

On this page Create a form Add questions Customize your design Control and monitor access Review your form Report abusive content in a form Create a form Go to forms.google.com. ...

### *How to use Google Forms - Computer - Google Docs Editors Help*

You can use Google Forms to create online surveys, quizzes, and forms, send them to others to fill out and then analyze their responses in real time. To edit forms and analyze responses with ...

### *Publish & share your form with responders - Google Help*

Publish & share your form with responders To create online surveys and quizzes, use Google Forms. You can share your forms with collaborators or responders. Before responders can ...

### **Download and install Google Chrome**

How to install Chrome Important: Before you download, you can check if Chrome supports your operating system and other system requirements.

### How to recover your Google Account or Gmail

If you forgot your password or username, or you can't get verification codes, follow these steps to recover your Google Account. That way, you can use services like Gmail, Pho

### Fix suspended or disabled profiles - Google Business Profile Help

Prepare your evidence Important: Once you open the evidence form, you must submit it within 60 minutes or it won't be attached to your appeal. You may be prompted to add optional evidence ...

### **Gmail Help**

Official Gmail Help Center where you can find tips and tutorials on using Gmail and other answers to frequently asked questions.

### *Chat Support Help*

Official Chat Support Help Center where you can find tips and tutorials on using Chat Support and other answers to frequently asked questions.

### **Sign in to Gmail - Computer - Gmail Help - Google Help**

Sign in to Gmail Tip: If you sign in to a public computer, make sure to sign out before you leave the computer. Learn how to sign in on a device that's not yours.

### *Create a form with Gemini in Google Forms (Workspace Labs)*

On Google Forms, you can use "Help me create a form" to create new forms using Gemini. You can also create forms from your Drive files, like Google Docs, Sheets, Slides, and PDFs when ...

### **Create your first form in Google Forms**

On this page Create a form Add questions Customize your design Control and monitor access Review your form Report abusive content in a form Create a form Go to forms.google.com. ...

### How to use Google Forms - Computer - Google Docs Editors Help

You can use Google Forms to create online surveys, quizzes, and forms, send them to others to fill out and then analyze their responses in real time. To edit forms and analyze responses with ...

### *Publish & share your form with responders - Google Help*

Publish & share your form with responders To create online surveys and quizzes, use Google Forms. You can share your forms with collaborators or responders. Before responders can ...

### Download and install Google Chrome

How to install Chrome Important: Before you download, you can check if Chrome supports your operating system and other system requirements.

*Gmail recovery form - Google Account Community*

Help Center Community Improve your Google Account Google Account ©2025 Google Privacy Policy Terms of Service Community Policy Community Overview Enable Dark Mode ...

### **How to recover your Google Account or Gmail**

If you forgot your password or username, or you can't get verification codes, follow these steps to recover your Google Account. That way, you can use services like Gmail, Pho

### **Fix suspended or disabled profiles - Google Business Profile Help**

Prepare your evidence Important: Once you open the evidence form, you must submit it within 60 minutes or it won't be attached to your appeal. You may be prompted to add optional evidence ...

### Gmail Help

Official Gmail Help Center where you can find tips and tutorials on using Gmail and other answers to frequently asked questions.

### Google Help

If you're having trouble accessing a Google product, there's a chance we're currently experiencing a temporary problem. You can check for outages and downtime on the Google Workspace ...

### **Create a form with Gemini in Google Forms (Workspace Labs)**

On Google Forms, you can use "Help me create a form" to create new forms using Gemini. You can also create forms from your Drive files, like Google Docs, Sheets, Slides, and PDFs when ...

Get clear and concise Form 1120 S instructions to simplify your tax filing process. Discover how to navigate requirements and maximize your deductions. Learn more!

[Back to Home](#)