

Buying and Selling S Corporations: Tax Planning Opportunities (BSCP)

Course Overview

Buying or selling an interest in a closely held corporate business is an important transaction for selling shareholders and buyers—and CPAs must be prepared to carefully consider the unique tax characteristics of an S corporation to best advise their clients, whether they are the sellers or buyers, to accomplish the best possible tax result.

This course will consider buyer and seller perspectives, relevant law, tax planning opportunities, pitfalls to avoid and necessary compliance issues. We will also review the rules related to determining stock basis of an S corporation, treatment of suspended losses, distributions, accumulated adjustment accounts, the built-in gain tax, excess net passive income tax, allocation of income and losses related to changes in ownership of an S corporation, and tax treatment of S corporation election terminations. Plus, we'll consider different tax consequences of asset sales and stock sales, including Section 338 and 336(e) elections.

Objectives

- Identify potential tax advantages or costs of making the S corporation election.
- Recognize tax considerations of liquidating an S corporation.
- Determine when to use Sec. 338(g), 338(h) (10), 336(e) and qualified subchapter S subsidiary elections.
- Identify allocation taxable income or loss between the buyer and shareholder.
- Determine how to use an ESOP to sell stock to employees.
- Identify the basics of acquisitive reorganizations and S corporations.

Major Topics

- Making the S election
- Built-in gain tax, including planning ideas
- Net excess passive income tax and planning
- Liquidation of S corporations, including special rules related to installment obligations
- Suspended loss rules, including tax planning opportunities
- Sec. 338(h) (10) elections
- Sec 336(e) elections
- Qualified subchapter S subsidiary election
- Special rules for net operating losses and tax credit carryforwards
- ESOPs
- Consequences of and tax planning for termination of S corporation elections
- Redemption of S corporation stock, including planning opportunities
- Basics of acquisitive reorganizations as applied to S corporations

Field of Interest Code: Taxes

CPE Hours: 8.00 | **MCLE:** 6.50

Level: Intermediate

Designed for:

CPAs and attorneys with at least five years of experience advising owners of privately owned businesses who own or acquire S corporations; owners and financial managers of privately held corporate businesses; and IRS and FTB employees.

Author/Instructors: John G McWilliams CPA, JD, Esq