

VENTURE SMARTER

This checklist provides general guidance. S-Corporation election requirements and tax implications vary based on individual circumstances and may change. Consult with qualified tax professionals before making this election.

COMPLETE GUIDE TO ELECTING S-CORPORATION TAX STATUS FOR LLC

1

Verify LLC Eligibility

- 100 or fewer members
- Only individuals, certain trusts, or estates as members (no corporations/partnerships)
- No nonresident alien members
- Single class of membership interests (no special allocations or preferred returns)
- Pro-rata distributions only based on ownership percentages



2

Confirm State Recognition

- Verify state recognizes federal S-Corp election
- Check if separate state election required
- Research state-specific deadlines and forms



Form 2553 Filing

3

Complete Form 2553

- Download current form from IRS.gov
- LLC legal name and EIN
- Business address and formation date
- Principal business activity code
- Tax year election (calendar year recommended)



4

Member Information and Signatures

- All members must sign Form 2553
- Include for each member:
  - Name, address, and SSN
  - Ownership percentage
  - Date membership acquired
- Original signatures required (no representatives)



5

File Within Deadline

- New LLCs: Formation date + 2 months and 15 days
- Existing LLCs: March 15 (calendar year) or 2.5 months into fiscal year
- Mail to correct IRS processing center for your state
- Keep copies of all documents



State Elections (If Required)

6

File State-Specific Forms

- California: Form 3560 (same federal deadline)
- New York: Form CT-6 (March 15)
- New Jersey: Form CBT-2553 (verify current deadline)
- Check state tax agency for other states' requirements



Employment Tax Setup

7

Establish Payroll for Owner-Employees

- Set up payroll service or software
- Register for federal employment tax deposits (EFTPS)
- Register for state unemployment insurance (SUTA)
- Determine reasonable salary amounts for services performed



8

Employment Tax Compliance

- File quarterly Form 941 (employment tax returns)
- File annual Form 940 (FUTA tax return)
- Issue W-2s to owner-employees by January 31
- Make employment tax deposits as required



Employment Tax Setup

9

Switch Tax Reporting

- File Form 1120S (S-Corp return) instead of previous LLC forms
- Issue Schedule K-1s to all members by March 15
- Stop filing Schedule C (single-member) or Form 1065 (multi-member)
- Adjust estimated tax payments based on new tax structure



Record Keeping

10

Update Business Documents

- Revise Operating Agreement to reflect S-Corp election
- File IRS acceptance letter with business records
- Update bank and vendor notifications if needed
- Maintain records of all election documents and correspondence



Critical Deadlines Summary

Federal Election:

- New LLCs: Formation date + 2 months 15 days
- Existing LLCs: March 15 (calendar year)

State Elections:

- Most states: Same as federal deadline
- Verify specific state requirements

Post-Election:

- Payroll setup: Immediately upon election
- Form 1120S: March 15 annually
- Employment taxes: Quarterly (Form 941)