


<u>Date</u>	<u>Deposit Date</u>		<u>Completed</u>
<u>Payroll Date</u> Nov 28 - 30 Dec 1 - 4 5 - 7 8 - 11 12 - 14 15 - 18 19 - 21 22 - 25 26 - 28 29 - 31	Dec 5 7 12 14 19 21 27 28 Jan 3 4	Semi-Weekly Payroll Tax Deposits. Employers that are semi-weekly depositors generally must deposit taxes withheld and FICA taxes on payrolls paid on Wednesday, Thursday or Friday on or before the following Wednesday, and deposit taxes from payments on other days on or before the following Friday. Deposit electronically. Indicate Form 941, Federal Tax Deposit, and fourth quarter.	
12		Michigan sales and use tax deposit for month of November to claim early payment discount.	
17		Employers that are monthly depositors must deposit taxes withheld and FICA taxes on payrolls paid during November. Deposit electronically. Indicate Form 941, Federal Tax Deposit, and fourth quarter.	
17		Corporations with fiscal year ending December 31, March 31, June 30, or August 31: <ul style="list-style-type: none"> • Deposit estimated federal income tax electronically. Indicate Form 1120 and Federal Tax Deposit. 	
17		Corporations with fiscal year ending August 31, and S-Corporations ending September 30: <ul style="list-style-type: none"> • Federal Income Tax Return - Form 1120 or 1120-S. • Deposit balance of tax due electronically. Indicate Form 1120 and Balance Due on Return. • Pay accrued compensation, charitable contributions, retirement plan contributions, etc. 	
17		Corporations with fiscal year ending February 28, May 31, August 31, or November 30: <ul style="list-style-type: none"> • Pay CIT estimate to State of Michigan. 	
20		Michigan Sales, Use, and Withholding Taxes Return for the month ended November 30.	
21		Winter Begins at 5:23 PM, EST	
24		Christmas Eve.	
25		Christmas Day.	
31		Corporations with fiscal year ending August 31: <ul style="list-style-type: none"> • File CIT return and pay balance due to State of Michigan. 	
31		<ul style="list-style-type: none"> • New Year's Eve. 	

So that our staff may enjoy the holidays with their families, De Boer, Baumann & Company, PLC will be closed both Monday, December 24 and Tuesday, December 25, 2018 and will reopen at 8:00 a.m. on Wednesday, December 26. We will also close at 12:00 p.m. on Monday, December 31, 2018 and will reopen at 8:00 a.m. on Wednesday, January 2, 2019.

Best Wishes for a Safe and Happy Holiday Season

From All of Us at De Boer, Baumann & Company, PLC



NOVEMBER

SU	M	T	W	TH	F	SA
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

DECEMBER

SU	M	T	W	TH	F	SA
					1	
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

JANUARY

SU	M	T	W	TH	F	SA
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		



December 2018

LIMITED LIABILITY COMPANIES ELECTING S CORPORATION STATUS

If desired, a Limited Liability Company (LLC) can elect to be classified as an S corporation for tax purposes. Unfortunately, there is no good general rule for making the decision between LLC and S corporation status. Instead, the following key points must be considered on a case-by-case basis.

Ownership. An S corporation can have up to 100 owners who must be individuals (none of which may be nonresident aliens), estates, or certain trusts. (Family members are treated as one shareholder for purposes of this limit.) There are no restrictions on the number or type of LLC owners.

Multiple Classes of Ownership Interests. S corporations can only have one class of stock, although differences in voting rights are permitted. LLCs can have multiple classes of interests, with different rights and allocations.

Income Allocation. Income from an S corporation normally is allocated on a per share, per day basis, with no opportunity for special allocations. In contrast, because LLCs are generally treated as partnerships for tax purposes, special allocations of income can be made if they have economic reality.

Self-employment (SE) Tax. S corporation shareholders aren't subject to SE tax (including the additional 0.9% Medicare tax for higher-income earners) on their share of corporate earnings. However, reasonable compensation paid to S corporation shareholders is subject to federal payroll taxes.

Similarly, LLC members who meet the definition of a *limited partner* (for SE tax purposes) aren't subject to SE tax on their share of the LLC's earnings. While there are no final regulations on this issue, several courts have held that LLC members who actively participate in the LLC's business don't qualify as limited partners and thus are subject to SE tax. We would love to explore whether electing S corporation status might be an effective way for you to minimize SE taxes.

Qualified Business Income (QBI) Deduction. For tax years 2018-2025, individuals, estates, and trusts may deduct up to 20% of their QBI from sole proprietorships and pass-through entities. The deduction may be limited if the individual's taxable income exceeds a certain threshold. This limit, commonly referred to as the *wage/investment limit*, is the greater of (1) 50% of the W-2 wages paid by the business or (2) 25% of the W-2 wages paid by the business plus 2.5% of the unadjusted basis of the business's qualified property. If your LLC doesn't pay W-2 wages because the business is exclusively run by its members, or the business owns little or no qualified property, it might make sense for the LLC to elect S corporation status and pay W-2 wages to the members. We can help you make that decision.

Watch out for Operating Agreements. As mentioned earlier, S corporations can only have one class of stock. This is determined by looking at the entity's governing provisions, which include articles of organization, applicable state law, and the entity's operating agreement. Before you elect S corporation status, we would need to review the LLC's operating agreement and other documents to make sure they conform to the S corporation eligibility requirements. If you have a standard, boilerplate operating agreement, chances are its provisions create a second class of stock, which would prevent you from electing S corporation status.