



An E-Publication from:
Kramer Weisman and Associates, LLP

NOVEMBER 2007

VOLUME 1, NUMBER 3

To unsubscribe to this publication, [click here](#).

To receive this publication in paper form, [click here](#) – please be sure to include your mailing address.

Reasonable Compensation for S Corporation Shareholders

For many years, the IRS has voiced concern that some shareholders of S Corporations may be taking unreasonably low salaries to avoid the payment of FICA and FUTA taxes. The IRS contends that these shareholders are paying increased S Corporation distributions which are NOT subject to FICA and FUTA taxes.

Recently, the IRS has declared that it would boost its scrutiny of this issue. In some cases, the IRS has attempted to recharacterize amounts classified as distributions to salaries resulting in increased payroll tax liabilities.

As we approach the end of the tax year, it is a good time to evaluate whether the amount of salaries paid to S Corporation shareholders is reasonable.

As each situation is unique, please call us if you have any questions or would like to consult on this issue.

Kramer Weisman & Associates, LLP

Monthly QuickBooks Tip



By Suzanne Stabila Duffy, Certified QuickBooks ProAdvisor®

Back up your data!!!

Sure it sounds obvious, but when was the last time you created a back up? With QuickBooks, you can schedule automatic backups. Located under File -> Backup is a tab for scheduling back-ups. Once you set up the back-up schedule, please make sure to check that it is working properly. If you should need assistance with setting this up, please contact our office.

