
TABLE OF CONTENTS

Chapter 1: Tax Considerations in Electing S Corporation Status	1
¶101 Introduction	1
¶102 Advantages of Having an S Corporation	2
¶103 State Issues	12
State Tax Deductions for Pass-Through Entities (Pass-through Entity Taxation (PTET) Regimes	13
Chapter 1: Test Your Knowledge	15
Chapter 1: Solutions and Suggested Responses	17
Chapter 2: Requirements to Be an S Corporation	19
¶201 Basic Requirements	19
¶202 Counting the Shareholders	20
¶203 Eligible Shareholder Entities	24
¶204 Ineligible Shareholder Entities	28
¶205 Owning C Corporations and Being a Member of a Controlled Group	31
¶206 Eligible Corporations	33
¶207 Ineligible Corporations	34
¶208 One-Class-of-Stock Requirement	34
¶209 Compliance with State Laws Regarding S Corporations	47
¶210 S Corporate Shareholders Owe a Fiduciary Duty to the Corporation and Each Other	47
Chapter 2: Test Your Knowledge	49
Chapter 2: Solutions and Suggested Responses	51
Chapter 3: Trusts That Qualify as S Corporation Shareholders	53
¶301 Six Types of Eligible Trusts	53
¶302 Grantor Trusts	54
¶303 Trusts Owned by a Beneficiary (Code Sec. 678 Trusts)	55
¶304 Testamentary Trusts	56
¶305 Voting Trusts	57
¶306 Electing Small Business Trusts (ESBTs)	58
¶307 Qualified Subchapter S Trusts (QSSTs)	64
Chapter 3: Test Your Knowledge	75
Chapter 3: Solutions and Suggested Responses	77
Glossary	79
Index	80
Final Exam Copy	81