

S-CORP ELECTION TOOLKIT

Reduce Your Self-Employment Tax with IRS Form 2553

A complete, instruction-driven guide to understanding, filing, and maintaining the S-Corporation tax election — with every form field explained, every deadline mapped, and every compliance requirement documented.

Form 2553 Walkthrough	Reasonable Salary Guide	Tax Savings Calculator
Compliance Calendar	Payroll Setup Guide	Common Audit Triggers

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INTRODUCTION

Is the S-Corp Election Right for You?

\$8K–\$20K+	5M+	\$40K–\$50K	March 15
Typical annual savings for eligible businesses	S-Corporations in the United States	Net profit threshold where it starts to pay	Annual deadline for calendar-year LLCs

The S-Corporation tax election is one of the most powerful and widely underused tax strategies available to self-employed individuals and small business owners. With a single IRS form and a straightforward payroll setup, profitable LLC and corporation owners can legally reduce the amount of income subject to self-employment taxes — often saving thousands of dollars per year.

But the election comes with real responsibilities. Payroll. Quarterly filings. Reasonable salary requirements. Compliance calendars. Done correctly, the savings far outweigh the costs. Done carelessly, it invites IRS scrutiny and potential penalties.

What This Toolkit Covers

This is not an overview. Every chapter is instruction-driven — covering exactly what to do, when to do it, what forms to file, and what mistakes to avoid.

S-Corp Election Toolkit.pdf

This guide — complete instruction manual covering all 11 chapters

Form 2553 Walkthrough.docx

Field-by-field IRS Form 2553 completion guide with annotations

Reasonable Salary Worksheet.xlsx

Interactive calculator for salary determination and savings projection

S-Corp Compliance Calendar.docx

Annual and quarterly compliance task tracker with all deadlines

■■ IMPORTANT

This guide is for educational purposes only and does not constitute tax or legal advice. The S-Corp election has significant compliance requirements. Work with a qualified CPA or tax professional before filing Form 2553.

SAMPLE PREVIEW
SAMPLE PREVIEW

CHAPTER 1

What the S-Corp Election Actually Does

The S-Corporation is not a legal entity type — it is a tax classification. When you elect S-Corp status, your LLC or corporation keeps its exact same legal structure. Nothing changes from a liability protection standpoint. What changes is how the IRS taxes your income.

Without S-Corp Election — \$120,000 Net Profit

Item	Amount	Notes
Net Business Profit	\$120,000	Before any deductions
SE Tax (15.3% on \$120K)	(\$18,360)	Owed on full profit amount
SE Tax Deduction (50%)	\$9,180	Above-the-line deduction
Federal Income Tax (est. 24%)	(\$26,597)	On taxable income after deduction
Total Tax Burden (est.)	~\$44,957	SE + income tax combined

With S-Corp Election — Same \$120,000 Net Profit

Item	Amount	Notes
Net Business Profit	\$120,000	Same starting point
Reasonable Salary (W-2)	\$60,000	Subject to payroll taxes
Distribution (not FICA)	\$60,000	No SE/payroll tax owed on this amount
Payroll Tax on Salary	(\$9,180)	Only on \$60K salary — not full \$120K
Federal Income Tax (est.)	(\$26,000)	Similar to before
Total Tax Burden (est.)	~\$35,180	Combined tax burden
Estimated Annual Savings	~\$9,777	By electing S-Corp status

Key Insight: The savings come entirely from the portion of profit taken as distributions rather than salary. The larger the defensible distribution — relative to a reasonable salary — the greater the savings. However, the salary must be genuinely reasonable or the IRS will reclassify distributions as wages and assess back payroll taxes plus penalties.

SE Tax Rate Reference

Component	Rate	2024/2025 Wage Base	Notes
Social Security Tax	12.4%	\$168,600	Employee + employer share combined
Medicare Tax	2.9%	No limit	On all net self-employment income
Additional Medicare Tax	0.9%	Above \$200K single / \$250K married	Employee share only
Combined SE Rate	15.3%	Up to \$168,600	Most impactful range for savings

■ End of Preview

The complete 30-page S-Corp Election Toolkit is available for purchase.

- ✓ Tax Math — Before/After Comparison Tables
- ✓ Eligibility Requirements — Complete Checklist
 - ✓ Break-Even Analysis by Income Level
- ✓ IRS Form 2553 — Every Field Explained
 - ✓ Filing Deadlines + Late Election Relief
- ✓ Payroll Setup — 7-Step Guide
- ✓ Compliance Calendar + Audit Trigger Warning Cards
- ✓ Written & researched by Albert Davis, Founder

Written & researched by Albert Davis — Founder, Concord Strategic
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