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FORM 1120-S

Form 1120-S & S corp distributions: *what's taxed, and when*

The S corporation pays no federal income tax itself. Profit passes to shareholders on Schedules K-1.

HOW A DISTRIBUTION IS TAXED	SHAREHOLDER
Up to stock basis Reduces basis	Not taxed
Above stock basis Long-term if held over 1 year	Capital gain
Owner who works in the business Pay this before distributions	Wages
Low pay, big distributions IRS can reclassify as wages	Risk

2026 RETURNS: KEY DATES	CALENDAR YEAR
Form 1120-S and K-1s due Or file Form 7004 by this date	Mar. 15, 2027
NY: CT-3-S due CT-6 approval comes first	Mar. 15, 2027
NJ: CBT-100S due Extension needs 90% of tax paid	Apr. 15, 2027
Late penalty, per shareholder Each month late, up to 12 months	$260/mo

BEFORE YOU TAKE A DISTRIBUTION

1
Run payroll
Pay reasonable wages to owners who work in the business.

2
Check basis
Basis decides how much is not taxed. The K-1 won't say.

3
Take distributions
Reported on K-1, box 16, code D.

4
File on time
Form 1120-S, or Form 7004 by Mar. 15. Form 7203 for basis.

Merchant
FINANCIAL ADVISORY

mfa-advisory.com · (347) 205-4468

General information, not tax advice. Facts checked Oct. 20, 2026.