



National Association of  
Tax Professionals

# Addendum: Preparing S Corporation Returns

Revision 1

Page 213-214

Added Form 1120-S, Pages 3 and 4 to Appendix C, Completed Forms for Case Study

Form 1120-S		Pets & Company, Inc	21-3456789	Page 3
<b>Schedule B Other Information</b> (see instructions) (continued)				Yes No
12 During the tax year, did the corporation have any non-shareholder debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt? .....				X
If "Yes," enter the amount of principal reduction ..... \$ .....				
13 During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions .....				X
14a Did the corporation make any payments that would require it to file Form(s) 1099? .....				X
b If "Yes," did or will the corporation file required Form(s) 1099? .....				X
15 Is the corporation attaching Form 8996 to certify as a Qualified Opportunity Fund? .....				X
If "Yes," enter the amount from Form 8996, line 15 ..... \$ .....				
16 At any time during the tax year, did the corporation: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? See instructions .....				X
<b>Schedule K Shareholders' Pro Rata Share Items</b>				Total amount
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22) .....	1	141,499	
	2 Net rental real estate income (loss) (attach Form 8825) .....	2		
	3a Other gross rental income (loss) ..... 3a			
	b Expenses from other rental activities (attach statement) ..... 3b			
	c Other net rental income (loss). Subtract line 3b from line 3a ..... 3c			
	4 Interest income ..... 4		1,000	
	5 Dividends: a Ordinary dividends ..... 5a			
	b Qualified dividends ..... 5b			
	6 Royalties ..... 6			
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120-S)) .....	7		
Deductions	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120-S)) .....	8a		
	b Collectibles (28%) gain (loss) ..... 8b			
	c Unrecaptured section 1250 gain (attach statement) ..... 8c			
	9 Net section 1231 gain (loss) (attach Form 4797) .....	9		
	10 Other income (loss) (see instructions) Type: .....	10		
	11 Section 179 deduction (attach Form 4562) ..... Stmt 3	11	10,000	
	12a Cash charitable contributions ..... 12a			
	b Noncash charitable contributions ..... 12b			
	c Investment interest expense ..... 12c			
	d Section 59(e)(2) expenditures Type: ..... 12d			
Credits	e Other deductions (see instructions) Type: ..... 12e			
	13a Low-income housing credit (section 42(j)(5)) ..... 13a			
	b Low-income housing credit (other) ..... 13b			
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable) ..... 13c			
	d Other rental real estate credits (see instructions) Type: ..... 13d			
	e Other rental credits (see instructions) Type: ..... 13e			
	f Biofuel producer credit (attach Form 6478) ..... 13f			
	g Other credits (see instructions) Type: ..... 13g			
	Alternative Minimum Tax (AMT) Items	14 Attach Schedule K-2 (Form 1120-S), Shareholders' Pro Rata Share Items—International, and check this box to indicate you are reporting items of international tax relevance <input type="checkbox"/> .....		
		16a Post-1986 depreciation adjustment ..... 16a		2,072
b Adjusted gain or loss ..... 16b				
c Depletion (other than oil and gas) ..... 16c				
d Oil, gas, and geothermal properties — gross income ..... 16d				
e Oil, gas, and geothermal properties — deductions ..... 16e				
f Other AMT items (attach statement) ..... 16f				
Items Affecting Shareholder Basis		16a Tax-exempt interest income ..... 16a		
		b Other tax-exempt income ..... 16b		
		c Nondeductible expenses ..... 16c		7,300
	d Distributions (attach statement if required) (see instructions) ..... 16d		16,000	
	e Repayment of loans from shareholders ..... 16e			
	f Foreign taxes paid or accrued ..... 16f			

Form 1120-S		Pets & Company, Inc		21-3456789		Page 4	
<b>Schedule K</b> Shareholders' Pro Rata Share Items (continued)				Total amount			
Other Information	17a	Investment income		17a		1,000	
	b	Investment expenses		17b			
	c	Dividend distributions paid from accumulated earnings and profits		17c			
	d	Other items and amounts (attach statement)	See Statement 4				
Reconciliation	18	Income (loss) reconciliation. Combine the total amounts on lines 1 through 10. From the result, subtract the sum of the amounts on lines 11 through 12d and 16f.				18	132,499
<b>Schedule L</b> Balance Sheets per Books							
		Beginning of tax year		End of tax year			
Assets		(a)	(b)	(c)	(d)		
1	Cash		14,100		9,600		
2a	Trade notes and accounts receivable						
b	Less allowance for bad debts	(	)	(	)		
3	Inventories		26,000		115,000		
4	U.S. government obligations						
5	Tax-exempt securities (see instructions)						
6	Other current assets (attach statement)						
7	Loans to shareholders		11,900		10,500		
8	Mortgage and real estate loans						
9	Other investments (attach statement)						
10a	Buildings and other depreciable assets	253,200		253,200			
b	Less accumulated depreciation	( 13,920	239,280	( 27,840	225,360		
11a	Depletable assets						
b	Less accumulated depletion	(	)	(	)		
12	Land (net of any amortization)		45,000		45,000		
13a	Intangible assets (amortizable only)	10,800		10,800			
b	Less accumulated amortization	( 720	10,080	( 1,440	9,360		
14	Other assets (attach statement)						
15	Total assets		346,360		414,820		
Liabilities and Shareholders' Equity							
16	Accounts payable						
17	Mortgages, notes, bonds payable in less than 1 year		190,000		148,000		
18	Other current liabilities (attach statement)						
19	Loans from shareholders						
20	Mortgages, notes, bonds payable in 1 year or more						
21	Other liabilities (attach statement)						
22	Capital stock		4,000		4,000		
23	Additional paid-in capital		103,200		103,200		
24	Retained earnings		49,160		159,620		
25	Adjustments to shareholders' equity (attach statement)						
26	Less cost of treasury stock	(	)	(	)		
27	Total liabilities and shareholders' equity		346,360		414,820		

Form 1120-S

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