

S Corporations Stock Basis of Shareholder

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**Small Business/Self-Employed Division
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Stock Basis Example

Mark the sole shareholder of an S corporation, has \$15,000 of stock basis and no debt basis as of 1-1-2011. Mark received a K-1 for 2011 reflecting the following:

- Box 1 (20,000) Ordinary business (loss)
- Box 9 4,000 Net section 1231 gain
- Box 12A 5,000 Charitable contributions (50%)
- Box 16C 1,000 Nondeductible expenses
- Box 16D 12,000 Distributions



Stock Basis Example (continued)

1-1-11 Stock basis	\$15,000
Plus: Net section 1231 gain	4,000
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Stock Basis before distributions	19,000
Less: Non-dividend distributions	(12,000)
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Stock basis before nondeductible	7,000
Less: Nondeductible expense	(1,000)
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Stock basis before loss & deductions	6,000



Stock Basis Example (continued)

Stock basis before loss & deductions	6,000
Less: Ordinary business loss {20,000/25,000 x 6,000}	(4,800)
Less: Charitable contributions (50%) {5,000/25,000 x 6,000}	(1,200)
12-31-2011 Stock basis	<hr/> \$0



Stock Basis Example (continued)

2011 ordinary business loss	(20,000)
Allowable business loss	(4,800)
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Suspended ordinary business loss	(15,200)
2011 charitable contributions	5,000
Allowable charitable contributions	(1,200)
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Suspended charitable contributions	3,800

