

Reasonable Compensation

S Corporation owners who provide services to the business are required to be paid reasonable compensation through payroll. While there is not a bright lines definition of what constitutes reasonable compensation, the IRS has provided guidance in Fact Sheet 2008-25 of what factors should be considered. A good rule of thumb would be to consider how much you would need to pay another person to do what you do for the business. If you're paying yourself less than that, you are likely not meeting the definition of reasonable compensation.

If the IRS decides your compensation is inadequate, its default position will be that all distributions should have been classified as wages. Beyond the additional payroll taxes, the IRS may also assess late payment penalties, interest, and accuracy penalties. Then the state unemployment and workers' compensation divisions will get involved.

Whatever amount you decide is reasonable compensation, make sure you have a sound basis, and make sure you document how you determined that amount. The US Bureau of Labor Statistics is a good source for comparative salary data by industry, position, and geographic region.

2024 Tax Season is Here

Engagement letters were sent out for signature in November. For those clients who have signed the engagement letter, we have uploaded an electronic tax organizer to your ShareFile folder. Feel free to download the organizer and fill it out at your convenience. On request, we will also mail out a printed copy of the organizer.

We have begun uploading the document request lists, so watch out for an email from ShareFile with a link to your list of documents requested to prepare the 2024 tax return. If you need any assistance accessing your ShareFile account or uploading documents, call or email our office manager Jessica at (816) 941-2900 or jessica@fpgtax.com.

Upcoming Due Dates:

1/27/2025 IRS e-filing for individual returns opens
1/31/2025 Q4 941, 940 payroll forms due
W-2, W-3, and 1099-NEC forms due
2/28/2025 Kansas City Business License renewals due
3/01/2025 Jackson Co PPT Declaration forms due
3/17/2025 1065 Partnership, 1120S S Corp returns due
2553 S Election due for 2025 calendar year
Johnson Co PPT Declaration forms due
3/31/2025 1099-MISC forms due
4/15/2025 1040 Individual, 1041 Trust/Estate, 1120 C Corp returns due
2025 Q1 Tax Estimates due
Last day to make 2024 IRA & HSA contributions
Kansas Business Information Reports due

Staff Profile:

Jessica Juarez
Office Manager



Born and raised in Kansas, I've been happily married for over a decade and am the proud parent of two kids. I love spending time outdoors, whether it's gardening in the spring and summer or biking with my family. Game nights are a favorite pastime, and I always make time to socialize with friends and family.

When it comes to movies, thrillers and action flicks are my go-to genres. I enjoy traveling, especially to California and Florida to visit family, but I also love exploring new places for their culture, food, and activities. Life is all about balancing adventure with quality time, and I cherish the moments spent making memories with those I love.