

# CBA



Community Bankers  
Association of Kansas

## Understanding the Differences Between Corporation & S Corporation Tax Returns

WEBINAR OR ON-DEMAND WEB LINK  
(LINK INCLUDES FREE CD ROM)

Thursday, June 9, 2011

12 - 1:30 pm PT  
1 - 2:30 pm MT  
2 - 3:30 pm CT  
3 - 4:30 pm ET

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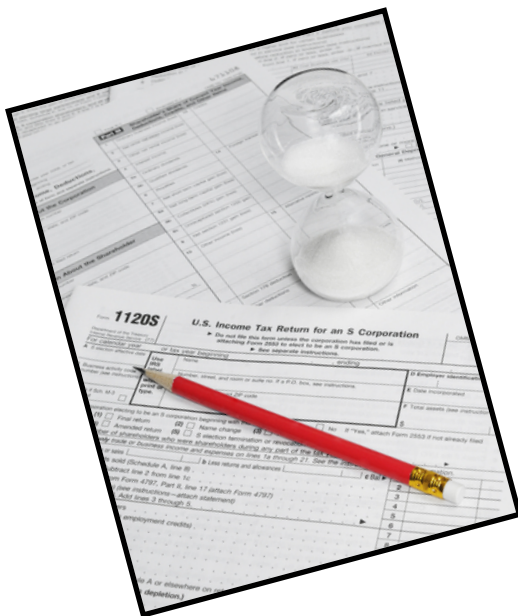
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The 1120 Corporate Tax Return is one of the most straight-forward and easy-to-understand tax forms. But its evil twin, the 1120S Tax Return for an S Corporation, is one of the most complex and difficult to understand. A C Corporation is a tax-paying entity with a few quirks in reporting. Much of the cash flow information a lender needs is easily attainable from the return. An S Corporation is a 'pass through' entity, meaning that the S Corp does not pay taxes directly, but instead passes the taxable income through to the individual owner's tax return. Because of the 'pass through' nature, many taxable items earned by the business are reported on the individual's tax return. The business's taxable income is not in one easy-to-identify amount; rather it is often broken up and reported in several different locations.

Although lenders seek cash flow, tax returns were not created to report it. Instead, loan officers must remember that tax returns were created to report taxable incomes and allowable deductions. Therefore, the task is to translate taxable items into their cash flow counterpart. This program will take the mystery out of these tax returns and teach you to identify a borrower's real monthly cash flow. In addition, you will learn to calculate the global cash flow of the owners and the business combined.

Continuing Education: Attendance verification for CE credits provided upon request.

### HIGHLIGHTS



- Find the real cash flow from a Form 1120 (Corporation) and a Form 1120S (S Corporation) tax return
- Learn what a 'pass through' entity is and how it affects tax reporting and cash flow
- Convert an accrual basis tax return to cash basis
- Identify whether gains on sales of investments or business property are recurring or one-time sales to be ignored
- Recognize taxable incomes that were passed through to individual tax returns, yet the cash actually stayed in the business
- Identify how much the owners are taking out of the business in salaries, dividends, and loans

- Calculate global cash flow from tax returns
- How to read the Schedule K-1 to identify cash flow

## **WHO SHOULD ATTEND?**

This informative session is designed for anyone in the lending area including chief lending officers, FSRs, CSRs, new accounts personnel, loan officers, loan underwriters, credit analysts, loan processors, branch managers, CEOs, and other key lending staff.

### **MEET THE PRESENTER**

**Tim Harrington, CPA,  
TEAM Resources**



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