Libman Tax Strategies

Southern California S Corp Owner: The 5-Minute Tax Surprise Risk Check

Spot the warning signs that could leave you surprised at tax time without waiting until your return is being prepared to find out where you stand.

INSTRUCTIONS

Take five minutes and go through the questions below. For each one, mark:

- **NO** — This is handled or I understand where I stand.
- **NOT SURE** — I would need to check.
- **YES** — This is happening in my business.

This is not a calculation of your actual tax liability. It is a quick way to identify whether there are **Know gaps between what happened in your business this year and what you know about your tax situation.**

When you're finished, count every **YES** and **NOT SURE** answer.

1. Did Your Business Make More Money This Year?

☐ No
☐ Not Sure
☐ Yes

If business income changed significantly but your tax payments or withholding stayed roughly the same, that is worth reviewing. A stronger year can change the tax picture.

Ask Yourself:
Did my income change without my tax plan changing with it?

2. Are You Unsure How Much You've Already Paid Toward Taxes?

☐ No
☐ Not Sure
☐ Yes

You should be able to identify the tax payments you have already made. That may include applicable:

- Federal estimated payments
- California estimated payments
- Tax withholding
- Business tax payments

If you're piecing that information together from memory, flag it.

Ask Yourself:
Could I tell someone today what I've already paid toward taxes this year?

3. Have Your Estimated Payments Stayed the Same Even Though the Business Changed?

☐ No
☐ Not Sure
☐ Yes

Your business may not look the same as it did when your estimated payments were originally determined.

Revenue, profit, payroll, expenses, and other circumstances can change during the year.

Ask Yourself:
Have my payments kept up with what actually happened in the business?

4. Are Your Books Behind?

☐ No
☐ Not Sure
☐ Yes

It is hard to know where you stand when the financial records behind the return are months behind.

If accounts are unreconciled or transactions are still uncategorized, your current numbers may not tell the full story.

Ask Yourself:
If my tax professional asked for current numbers today, could I provide them confidently?

5. Did You Take More Money Out of the S Corp This Year?

☐ No
☐ Not Sure
☐ Yes

Owner wages, distributions, reimbursements, and other transfers should be clearly identified in the books.

Taking more money out does not automatically mean you owe more tax.

The red flag is n**ot knowing how those transactions were handled or what the underlying business income looks like.**

Ask Yourself:
Do I understand how the money I took from the business was recorded?

6. Did Something Significant Change in the Business?

☐ No
☐ Not Sure
☐ Yes

Think about whether you:

- Had a major increase or decrease in business activity
- Added or changed payroll
- Bought or sold significant equipment or assets
- Took on new financing
- Changed ownership
- Opened or closed a location
- Had another unusual financial event

Major changes are worth discussing before the return is already underway.

Ask Yourself:
Does my tax professional know about the important things that changed this year?

7. Have You Gone Most of the Year Without Reviewing Your Tax Situation?

☐ No
☐ Not Sure
☐ Yes

If the last meaningful tax conversation happened when your previous return was filed, your current situation may be based on old information.

The business can change a lot in twelve months.

Ask Yourself:
Has anyone looked at this year's numbers with taxes in mind?

8. Would You Be Surprised If Someone Told You What You Owe Today?

☐ No
☐ Not Sure
☐ Yes

This is the simplest question on the checklist. If you honestly have no idea whether you're:

- In good shape
- Behind
- Overpaying
- Underpaying
- Or somewhere in between

then the uncertainty itself is worth addressing.

Ask Yourself:
Do I actually know where I stand—or am I hoping it works out?

Your Results

Count every answer you marked **YES** or **NOT SURE.**

0–1 Warning Signs

You appear to have relatively good visibility into your current situation.
That does not guarantee a particular tax outcome, but you are starting from a much better place than simply guessing.

2–3 Warning Signs

There are enough unknowns that it may be worth reviewing your current-year numbers and payments before tax preparation begins.
The goal is to answer the questions now instead of discovering them later.

4+ Warning Signs

You have several areas where your tax picture may not be clear.
That does **not** automatically mean you have a large tax bill coming.
It does mean there are enough unanswered questions that waiting until your return is being prepared could leave you scrambling for clarity.

WHY THIS IS IMPORTANT

Most business owners do not wake up one morning and decide to ignore their taxes.
The problem is that the business keeps moving.

- Revenue changes.
- Expenses change.
- Money moves.
- Payroll runs.
- Payments get made.

And months can go by without anyone stopping to ask: **"Based on what has actually happened this year, where do I stand?"** Then tax time arrives and the owner finally gets the number. That is when uncertainty becomes a surprise. You do not need to predict your tax return yourself. You need enough visibility to know whether the current situation deserves attention **before filing starts.**

The goal is simple: **Fewer guesses. Fewer last-minute questions. More confidence about where you stand.**

Not Sure Where You Stand?

Adam C. Libman, CRTP works directly with business owners on tax preparation, bookkeeping, and strategic tax planning.

If this check uncovered a few things you're unsure about, you can have a straightforward conversation with Adam about your current situation and whether working together makes sense.

And if you're tired of chasing your accountant just to get an answer:
We return every call and email or your money back.

adamlibman.com/free-s-corp-tax-return-year-one

Talk With Adam