



Certified Public Accountants
& Business Advisors

*A Firm That Cares About Its Clients
Large Enough To Know, Small Enough To Care*

S Corporation Changes

TCJA makes several changes to the tax rules involving S corporations. First, it provides that income that must be taken into account when an S corporation revokes its election is taken into account ratably over six years, rather than the four years under prior law. Second, it allows a nonresident alien individual to be a potential current beneficiary of an electing small business trust (ESBT). Third, it provides that the charitable contribution deduction of an ESBT is not determined by the rules generally applicable to trusts but rather by the rules applicable to individuals. Thus, the percentage limitations and carryforward provisions applicable to individuals apply to charitable contributions made by the portion of an ESBT holding S corporation stock.