




Department of the Treasury  
Internal Revenue Service  
Ogden, UT 84201-0038

<b>Notice</b>	CP261
<b>Notice date</b>	November 4, 2019
<b>Employer ID number</b>	90-1502754
<b>To contact us</b>	Phone 800-829-0115
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BANANALEAF LLC  
SHANMUGAM PETHAPERUMAL MBR  
8822 OLD SPANISH TRL  
LITTLE ROCK AR 72227-3240

013529

We've accepted your S Corporation election

## You will be treated as an S Corporation starting January 1, 2019

We've accepted your S Corporation election.  
As a result, your tax year will end in December,  
and you will be treated as an S Corporation  
starting January 1, 2019.

### What you need to do

You don't need to take any action.

Review this notice to understand some of your obligations and responsibilities as an S Corporation.

Continued on back...



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## Contact information

INTERNAL REVENUE SERVICE  
OGDEN, UT 84201-0038

If your address has changed, please call 800-829-0115 or visit [www.irs.gov](http://www.irs.gov).

Please check here if you've included any correspondence. Write your Employer ID number (90-1502754) on any correspondence.

a.m.  p.m.  a.m.  p.m.  
 Primary Phone Best time to call Secondary Phone Best time to call



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## Keep in mind

### Payments to shareholder-employees for services rendered:

- You must determine a reasonable salary when a shareholder-employee of an S corporation provides services to the corporation.
- Payments to a shareholder-employee for services provided to an S corporation are wages and are subject to employment taxes.
- We may re-characterize distributions paid to a shareholder as salary if the distribution was paid in lieu of reasonable compensation (Revenue Ruling 74-44).

You should inform shareholders of their need to track stock and debt basis. A shareholder is responsible for calculating their stock and debt basis in the corporation. Please remind the shareholder of this requirement.

It is important for shareholders to know their stock and debt basis when the S corporation:

- allocates a loss and/or deduction item to the shareholder.
  - In order for a shareholder to claim this loss or deduction, they need to demonstrate that they have adequate stock and/or debt basis.
- makes a non-dividend distribution to the shareholder.
  - In order for a shareholder to determine if the distribution is non-taxable, they need to demonstrate that they have adequate stock basis.
- repays a reduced basis loan to the shareholder.
  - In order for a shareholder to determine if there is a gain on loan repayment, the shareholder must know their debt basis.

### OR

- When the shareholder disposes of their S corporation stock.
  - A shareholder must know their stock basis in order to determine the gain or loss upon disposition of their stock.

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**Additional information**



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- Visit [www.irs.gov/cp261](http://www.irs.gov/cp261)
- For more information, see Form(s) 1120S, 2553, and Schedule K-1, and their instructions.
- For tax forms, instructions, and publications, visit [www.irs.gov](http://www.irs.gov) or call 800-TAX-FORM (800-829-3676).
- Keep this notice for your records.

If you need assistance, please don't hesitate to contact us.

