

S Corp Salary Checklist

A salary you can defend on paper, and the payroll steps that go with it.

01

Set a reasonable salary

- ☐ Pay yourself a W-2 salary through payroll if you work in the business
- ☐ Reasonable means about what you'd pay someone else to do your job
- ☐ Pay salary before or alongside distributions, not distributions only
- ☐ Revisit the number every year as profit and your role change

03

Run it through payroll

- ☐ Withhold and deposit payroll taxes on schedule
- ☐ File quarterly Form 941 and your state payroll returns
- ☐ W-2s for 2026 are due February 1, 2027 (January 31 is a Sunday)
- ☐ S corp owner 401k deferrals must run through payroll by December 31 (2026 employee limit: \$24,500)

02

Document how you got there

- ☐ List your duties and roughly how many hours each takes
- ☐ Save market pay data for those roles (for example BLS wage data for your area)
- ☐ Note your training, experience and time spent in the business
- ☐ Keep a short salary memo in your corporate records

04

Health insurance for 2% owners

- ☐ If the S corp pays your premiums, they go in box 1 of your W-2
- ☐ Paid under a plan, they generally aren't subject to Social Security or Medicare tax
- ☐ That W-2 treatment lets you take the self employed health insurance deduction
- ☐ Get the premium total to your payroll provider before the last payroll

Good to know: Too low invites the IRS to reclassify distributions as wages, with back payroll tax and penalties. Too high wastes the savings that made the S corp worth it.

Questions?

Book a free discovery call: nxtlevelcpa.com

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