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Transactional Matter Files

Forming a Corporation | Internal Revenue Service

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Forming a Corporation

In forming a corporation, prospective shareholders exchange money, property, or both, for the corporation's capital stock. A corporation generally takes the same deductions as a sole proprietorship to figure its taxable income. A corporation can also take special deductions. For federal income tax purposes, a C corporation is recognized as a separate taxpaying entity. A corporation conducts business, realizes net income or loss, pays taxes and distributes profits to shareholders.

The profit of a corporation is taxed to the corporation when earned, and then is taxed to the shareholders when distributed as dividends. This creates a double tax. The corporation does not get a tax deduction when it distributes dividends to shareholders. Shareholders cannot deduct any loss of the corporation.

If you are a C corporation, use the information in the chart below to help you determine some of the forms you may be required to file.

Corporations that have assets of \$10 million or more and file at least 250 returns annually are required to electronically file their Forms 1120 and 1120S for tax years ending on or after December 31, 2007. For more e-file information, see [e-file for Business and Self-Employed Taxpayers](#).

Corporations

If you are a C corporation or an S corporation then you may be liable for...	Use Form...	Separate Instructions...
Income Tax	1120, U.S. Corporation Income Tax Return (PDF)	Instructions for Form 1120 U.S. Corporation Income Tax Return (PDF)
Estimated tax	1120-W, Estimated Tax for Corporations (PDF)	Instructions for Form 1120-W (PDF)
Employment taxes <ul style="list-style-type: none">• Social security and Medicare taxes and income tax withholding• Federal unemployment (FUTA) tax	941, Employer's Quarterly Federal Tax Return (PDF) or 943, Employer's Annual Federal Tax Return for Agricultural Employees (PDF) (for farm	Instructions for Form 941 (PDF) Instructions for Form 943 (PDF) Instructions for Form 940 (PDF)

employees)

[940, Employer's Annual Federal Unemployment \(FUTA\) Tax return \(PDF\)](#)

Excise Taxes

Refer to the [Excise Tax Web page](#)

[Rate the Small Business and Self-Employed Website](#)

Related Topics

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- [Where to File Tax Returns Addresses Listed by Return Type](#)

Publications

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- [About Publication 583](#)

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