



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

For assistance, call:
1-800-829-0115

Notice Number: CP261
Date: December 10, 2012

Taxpayer Identification Number:
45-4241621
Tax Form:
Tax Period:

005122.134411.0017.001 1 MB 0.404 536



PW TEC CORP
18351 COLIMA ROAD 155
ROWLANG HEIGHTS CA 91748-2791

005122

Notice of Acceptance as an S Corporation

We have accepted your election to be treated as an S corporation beginning January 13, 2012. Your accounting period will end in December.

We would also like to take this opportunity to inform you of your tax obligations related to the payment of compensation to shareholder-employees of S corporations.

When a shareholder-employee of an S corporation provides services to the S corporation, reasonable compensation generally needs to be paid. This compensation is subject to employment taxes.

Tax practitioners and subchapter S shareholders need to be aware that Revenue Ruling 74-44 states that the Internal Revenue Service (IRS) will re-characterize small business corporation dividends paid to shareholders as salary when such dividends are paid to the shareholders in lieu of reasonable compensation for services.

The IRS may also re-characterize distributions other than dividend distributions as salary. This position has been supported in several recent court decisions.

If you have any questions about this notice or the action we have taken, please call us at the telephone number listed above. If you prefer, you may write to us at the address shown at the top of this notice. If you write to us, please provide your telephone number and the most convenient time for us to call so we can resolve your inquiry. Please return the bottom part of this notice to help us identify your case.

For tax forms, instructions and information visit www.irs.gov. (Access to this site will not provide you with your specific taxpayer account information.)