

# In Thomson Reuters Corporate Taxation and Practical Tax Strategies: Another Look at the Single Class of Stock Requirement Under Subchapter S

06.25.26 06.25.26

If you were wondering why it has been some time since I authored a new post on the blog, it is because I was writing a new article on Subchapter S for publication in both *Corporate Taxation* and *Practical Tax Strategies*. The article, "Another Look at the Single Class of Stock Requirement Under Subchapter S," was published in the May/June edition of *Corporate Taxation* and the June edition of *Practical Tax Strategies*.

In this comprehensive article on the single-class-of-stock rules, my hypothesis is that the rules are far more intricate than they appear on the surface. The content of the article should serve tax practitioners as a handy desk reference guide on the topic.

The basic rule is that an S corporation can only have one class of stock. For this purpose, voting stock and non-voting stock are permitted. The key to having just one class of stock is generally to make sure that all shares have identical rights to distribution and liquidation proceeds. While seemingly simple in concept, it can be extremely complex in application. The mystery that often comes into play is whether shares have identical rights to distribution and liquidation proceeds. The article explores that issue in detail.

This prohibition, for decades, has caused enormous concern for tax practitioners and business owners alike. In numerous instances, it has been an insurmountable hurdle to attaining S corporation status. In other cases, it has triggered the termination of an otherwise valid S election.

My hope is that this article clarifies the basic rules and eliminates some of the mystery surrounding the single-class-of-stock requirement, including alerting tax practitioners and taxpayers to the many traps that exist for the unwary.

Thank you to the editorial team at Thomson Reuters, and particularly Dan Feld, for their efforts in featuring this article and their continued leadership in covering meaningful developments affecting the tax and accounting world.

Download the full articles published in [Corporate Taxation](#) (May/June 2026) and [Practical Tax Strategies](#) (June 2026), Thomson Reuters publications.

As Ralph Waldo Emerson is quoted as saying:

*"The only way to write is to write."*

Stay tuned for future tax blog posts. I intend to keep writing about new developments and interesting tax issues.

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## Authored by

[Larry J. Brant](#)

[Principal|Portland](#)

[503.553.3114 \[email protected\]](#)

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