

Business Year-End Tax Checklist

Use this checklist to identify tax, cash-flow, compensation, and reporting items worth reviewing before December 31. Tax rules continue to change in 2026. A year-end review can help business owners identify deductions, credits, elections, and timing decisions while there is still time to act.

Must Do Before Year-End

<u>Task/Review Item</u>	<u>What It Means</u>	<u>Action Step</u>
Bonus Depreciation & Section 179	For 2026, the Section 179 deduction limit is \$2.56 million, with the phaseout beginning at \$4.09 million of qualifying property placed in service.	If equipment or qualifying property is part of your business plan, review eligibility and make sure required property is placed in service on time.
Domestic R&D Expenses	R&D expenditures may be deducted currently under Section 174A. You may also have capitalization or amortization elections, and prior-year R&D costs can require separate treatment.	Identify and document 2026 research and software-development costs.
Estimated Tax Payments	Changes in income, deductions, credits, depreciation, or ownership distributions can change your expected tax liability.	Run a year-end projection and adjust federal and state estimated payments when appropriate.
Owner Compensation	S corp shareholder-employees need reasonable compensation. Wages, guaranteed payments, distributions, and retirement contributions can affect tax planning.	Review owner pay and distributions before year-end rather than waiting until tax-return preparation.
Retirement Plan Contributions	Contributing to or setting up a 401(k), SIMPLE, or SEP plan before year-end can lower taxable income.	Confirm plan deadlines, contribution amounts, payroll elections, and funding requirements.
Payroll & Information Reporting	Qualified tips and qualified overtime deductions continue to have employer and payor reporting requirements.	Confirm your payroll provider is capturing required 2026 wage, tip, and overtime information and is prepared for year-end reporting.

This checklist is a starting point, not tax advice. Eligibility, timing, phaseouts, elections, and state treatment vary. Review significant year-end decisions with your tax advisor before acting.

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Optional / Good to Review

<u>Task/Review Item</u>	<u>What It Means</u>	<u>Action Step</u>
QBI Deduction	The 20% pass-through business income deduction is now permanent.	Review projected taxable income, wages, business structure, and other factors that could affect the deduction.
Business Interest Expense	Section 163(j) may limit the deduction for business interest expense.	If your business carries significant debt or has new financing, ask whether the interest limitation affects your 2026 deduction.
Employer-Provided Child Care Credit	The credit can generally equal 40% of qualified child care expenditures, or 50% for eligible small businesses, plus 10% of qualified resource and referral expenses, subject to annual limits.	If you provide or are considering child care benefits, ask whether your costs could qualify for the expanded credit.
Deferred Revenue & Prepaid Expenses	The timing of income and deductible expenses may affect current-year taxable income.	Review significant year-end billing, collections, prepaid expenses, and accounting-method rules before changing timing.
Cash vs. Accrual Method	Some businesses benefit from switching accounting methods.	Review with your CPA if a change could reduce taxes.
Losses & NOLs	Can affect current and future tax years, subject to entity-specific and federal limitations.	Model how losses, carryforwards, and expected future income interact before accelerating deductions or income.

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Optional / Good to Review

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Opportunity Zones	Rules can provide tax benefits for eligible investments, but investment, timing, and holding requirements apply.	Evaluate the investment on its merits first, then review potential tax treatment with your advisors.
Colorado Tax Considerations	Colorado begins with federal taxable income but applies state-specific additions, subtractions, credits, and other rules. Federal tax treatment does not always produce the same Colorado result.	Review Colorado-specific treatment of major federal deductions, credits, business changes, and estimated payments.
State & Local Credits	Colorado and local programs may offer credits or incentives tied to activities such as hiring, investment, training, or qualified research.	Identify 2026 projects and expenditures early enough to confirm eligibility and documentation requirements.
QSBS / Business Ownership Transactions	Rules may provide significant federal tax benefits when detailed eligibility and holding-period requirements are met.	If a stock sale, ownership transition, or capital raise is possible, review QSBS status before the transaction.

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