

2026 business owner tax planning checklist

This is the framework we walk business-owner clients through every fall. Work through it with your numbers, tick what's done, and bring the open items to your planning meeting.

Entity and owner pay

Your structure decides how much of your profit is exposed to self-employment tax and which deductions you can use.

- ☐ Confirm your entity and tax election still fit this year's profit
LLC, S corporation, C corporation or partnership. An S-Corp election for 2027 is due March 15, 2027 for a calendar-year business.
 - ☐ If you're an S corporation, check your salary against this year's profit
The IRS expects reasonable compensation for the work you do. Adjust the last payrolls of the year if needed.
 - ☐ Decide on the pass-through entity tax for this year
New Jersey's BAIT and New York's PTET move state tax off your personal return and around the SALT cap. New York's election for 2027 is due March 15, 2027.
 - ☐ Review whether a second entity, holding company or management company still makes sense
-

Estimated payments

Paying the safe-harbor amount avoids the underpayment penalty even if you still owe in April.

- ☐ Check the 2026 due dates: April 15, June 15, September 15 and January 15, 2027
 - ☐ Pay at least the smaller of 90% of this year's tax or 100% of last year's 110% of last year's tax when last year's AGI was over \$150,000.
 - ☐ Catch up a missed quarter now rather than in April
The penalty runs day by day; raising withholding on an S-Corp salary in December counts as paid evenly through the year.
 - ☐ Run New Jersey estimates (Form NJ-1040-ES) separately
New Jersey's safe harbor is 80% of this year's tax or 100% of last year's.
-

Income and expense timing

On the cash method you can move income and deductions across December 31 within limits.

- ☐ Decide whether to send December invoices before or after year-end
 - ☐ Pay deductible expenses before December 31
Prepaid expenses that cover no more than 12 months are generally deductible when paid.
 - ☐ Write off bad debts and obsolete inventory that are truly worthless
 - ☐ Bring your books current through November before your planning meeting
-

Equipment, vehicles and property

Most business assets bought and placed in service this year can be written off in full.

- ☐ Plan purchases around 100% bonus depreciation for property acquired after January 19, 2025
The asset has to be in service, not just ordered, by December 31.
 - ☐ Choose between Section 179 and bonus depreciation for each purchase
Section 179 is limited to business income; bonus depreciation can create a loss.
 - ☐ Check vehicle deductions and business-use percentages
Heavy SUVs and trucks over 6,000 pounds are treated differently from cars.
 - ☐ Consider a cost segregation study on buildings bought this year or in earlier years
-

Retirement and health accounts

Retirement plans are the largest deduction most owners control.

- ☐ Compare a Solo 401(k), SEP-IRA and SIMPLE IRA for 2026
401(k) employee deferral \$24,500; total contributions up to \$72,000; catch-up \$8,000 at 50 and \$11,250 at 60–63.
 - ☐ Confirm the deadline to open a new plan before you count on it
A SEP-IRA can be opened up to the return due date, including extensions; other plans have earlier dates.
 - ☐ Fund your HSA
\$4,400 self-only or \$8,750 family coverage for 2026, plus \$1,000 at 55 or older.
 - ☐ S corporation owners: put health insurance premiums on your W-2
That's what makes them deductible as self-employed health insurance.
-

Family and home

Legitimate payments to your family and for your home can shift income to lower rates.

- ☐ Pay your children for real work at a reasonable rate
Wages to children under 18 from a sole proprietorship or a parents-only partnership are exempt from Social Security and Medicare tax.
 - ☐ Document any Augusta rule rental of your home to the business
Up to 14 days a year at a fair rate, with minutes and an invoice.
 - ☐ Claim the home office using the method that gives the larger deduction
 - ☐ Keep a mileage log for business driving
72.5 cents a mile January-June 2026 and 76 cents from July 1.
-

SALT and charitable giving

The state and local tax cap is higher for most owners from 2025 on.

- ☐ Check where you stand against the \$40,400 SALT cap
It phases down for income above \$505,000, which is when a PTET election matters most.
 - ☐ Bunch charitable gifts into one year, or use a donor-advised fund
 - ☐ If you take the standard deduction, use the new non-itemizer charitable deduction
Up to \$1,000 single or \$2,000 joint for cash gifts to charity from 2026.
-

Information returns and compliance

January deadlines arrive fast after year-end.

- ☐ Collect a Form W-9 from every contractor you paid this year
 - ☐ Prepare Forms 1099-NEC for contractors paid \$2,000 or more in 2026
Due January 31, 2027, to the contractor and the IRS.
 - ☐ Confirm payroll year-end: W-2s, the fourth-quarter Form 941, Form 940 and state wage reports
 - ☐ Review sales tax: the states where you passed economic nexus this year
-

Records

A deduction you can't support is a deduction you may lose.

- ☐ Reconcile every bank, credit card and loan account through December
 - ☐ Save receipts for meals, travel and larger purchases with who, what and why
 - ☐ Keep the closing statement for any property you bought or sold
 - ☐ Record any loans between you and the business with a written note and interest
-

Plan for 2027

The best planning happens before the year starts.

- ☐ Run a 2027 projection with your expected profit and owner pay
 - ☐ Set your 2027 estimated payments and withholding from that projection
 - ☐ Put quarterly check-ins on the calendar instead of one meeting in December
-