

Quick Small Business Tax Prep Checklist



Tax season is never a fun time for anyone, but it's particularly stressful when you're a small business owner or solopreneur.

An incomplete or incorrect tax return can result in lots of extra paperwork, penalties, or — yes — even legal issues.

That's why it's important to start your tax process early and give yourself enough time to do it the right way. Follow this step-by-step guide on how to file a business tax return.

Determine your filing deadline

The deadline for business tax returns varies, depending on what type of business you're running.

Partnerships and S corps should generally file on March 15, while C corporations, sole proprietorships, and limited liability companies have until April 15. (Side note: If you're an existing C corp or LLC that wants to become an S corp for next year, you'll need to let the IRS know by filing Form 2553 no later than March 15. If you miss the deadline, you'll need to wait another year.)

If your business operates in an area that experienced a disaster, you may also have additional time to file; check the [IRS website](#) for an up-to-date list of eligible events.

Find someone to prepare your return

Don't take a chance on do-it-yourself software. An experienced tax professional can help minimize your tax liability while keeping your business compliant with federal law.

There are many ways to find a business tax preparer. The IRS has a searchable directory of licensed federal tax professionals that can be a good start. Word-of-mouth referrals from business associates and friends are also a great option to find a competent tax preparer. Make sure that the preparer you choose has experience filing business tax returns since they're very different from personal taxes.

Lastly, beware of so-called "ghost preparers," who will prepare returns without signing them and ask their clients to sign and mail them. If a "ghost preparer" makes a mistake, you'll be on the hook for it — so choose carefully, and avoid anyone who seems shady.

Gather proof of your business tax deductions.

Common deductions for small businesses include those related to startup costs, office supplies, necessary materials, rent, vehicle mileage, and business travel, among other things.

Pull together the receipts for those expenses (you've been saving them, right?) to help figure out your deduction. If you work from your home, you can also claim a home office deduction. This will allow you to take a portion of your rent, utilities, security systems, and other expenses off your total tax liability, so make sure you've got the bills for those.

Finally, if you have employees, you can claim their compensation and benefits. You should be able to find this information in your payroll software or check ledgers.

Gather records of your estimated tax payments.

Most small business owners are required to send the IRS quarterly tax payments as the year progresses, so go through your records and note how much you sent last year. You'll be able to take those payments off the tax liability on your final return. (Didn't pay quarterly? If you're a sole proprietorship, S corp, or partnership that owes \$1,000 or more, or a C corp that owes \$500 or more, you'll likely owe a penalty. Check with your tax pro for more info.)

Send out 1099s.

If you use independent contractors for any of your business services, you should send them each a Form 1099-NEC listing the amount they were paid. These forms should be sent to the contractors — and to the IRS — by January 31.

You'll need the contractor's Social Security number or employer identification number to fill out a 1099-NEC, so make sure that they've completed a Form W-9 with that information first. (If the contractor was paid less than \$600 during the tax year, a 1099-NEC isn't necessary.)


Decide whether to file an extension.

If your books are a mess or you're having trouble compiling necessary records, then you may not be able to file your final return by the March or April deadline.

In that case, sole proprietors and single-member LLCs can file Form 4868, which automatically gives you an extra six months to complete your return. All other types of companies should file Form 7004. Note, however, that if you're expecting to owe, you'll need to send a payment along with your extension. Otherwise, you could be liable for late payment penalties.

And if your books are a mess or just need a clean-up, we can help you [get financial clarity](#).

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