

9 Must-Do End of Year Tasks for All Business Owners

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The end of the year is just around the corner, which means *now* is the time to knock these business must-do's off your list. Don't let the year end without maximizing your deductions, lowering that taxable income, planning for success and safeguarding yourself against costly penalties and fees. Here are my top 10 tasks small businesses should do before the year ends.

1. Make any major purchases

The end of the calendar year means that tax time is just around the corner. It's time to think about squeezing in any major business purchases before the year ends so that those expenses can be claimed on this year's taxes without waiting until next year's income tax filing to claim them as write-offs and lower your taxable income. Don't wait to make those purchases when you could reap the benefits of lowering your taxable income for April's income tax return.

Does your business need updated equipment, supplies or products? Do you need to pay that insurance premium? Ready to upgrade your software, subscriptions and memberships? Maybe your business needs professional services from an attorney, bookkeeper or contractor. Now is a great time to make those purchases, which will result in lowering your taxable income.

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2. Contribute to your self-employed retirement account

Investing money in a self-employed retirement account such as a solo 401k or SEP-IRA is 100% tax-free. For your hard-earned self-employment dollars, you are saving on three different types of taxes that would otherwise be paid. Instead, money invested in your self-employed retirement account skips the federal, state and self-employment tax – which can mean huge savings! Self-employed individuals can contribute up to 25% of their net earnings, up to \$66,000, to a self-employed retirement account tax-free (for 2023). Ensure you do this before the year ends to lower your taxable income.

3. Prepare to send 1099s to your independent contractors

If your business paid someone \$600 or more in nonemployee compensation, then you will be obligated to issue a 1099NEC to that person and file the form with the IRS by January 31. Because this due date is just around the corner, now is the time to ensure you have everything ready to prepare, issue and file this important tax form. Ensure you have collected form W9 from the worker to confirm and collect their personal or business information and confirm their tax ID.

Then, ensure their records are up to date in your bookkeeping with any payments issued to that worker. If they total \$600 or more, you'll need to prepare form 1099 NEC. Have a method planned for creating and issuing this form – it can be completed manually, through your payroll software, with a tax professional, or through an online service.

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4. Get your bookkeeping up to date and schedule tax appointments

Tax time for businesses can be quite overwhelming, so now is the time to get those books up to date. Schedule your appointments now if you plan on hiring a professional bookkeeper to handle your income taxes. Once the tax year ends, tax professionals' schedules book up very quickly. If you are doing your bookkeeping, make sure that you are taking the time now to review your year's financial records, receipts and accounting so it is organized and prepared for the end of the year and tax preparation time.

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5. Plan a bookkeeping method for next year

While reviewing your year's financial records, you may find it time for a change. Hiring a professional to handle your bookkeeping is always a good choice, and if you are ready to outsource this complicated task to a tax pro, you will want to plan and select your bookkeeper before the new year begins so that they can start fresh with you at the start of the new year without playing catch up on your financial records. Memberships, professional fees and new accounting software fees are all tax deductible, so if you can pay in advance, you can add them to your tax deductions for this year.

6. Plan your business entity and tax election changes

As your business grows and evolves, you may need to switch your business entity type or change your tax election. In many cases, forming an LLC or corporation and electing your

taxation status are much trickier to change mid-year and may complicate your tax returns and records. Additionally, changing your tax election with the IRS (such as electing S-Corp taxation status) is time-sensitive and must occur before the May 15th due date in most cases. Evaluate if your current business entity type and tax election are the best choice for your business. Seek counsel from a certified professional such as a CPA, financial planner, or attorney and plan any upcoming changes to have them effective for the start of the new year.

7. Cancel any unused memberships and subscriptions

As business owners, we can often sign up for subscriptions, memberships and services that renew monthly or annually, which may have been helpful at one point in our business, but are no longer needed. The end of the year is a great time to check those bank accounts and take an audit of what subscriptions are being charged that are no longer needed. Get due dates for taxes, registrations and important filings on your new calendar. With so many taxes, business registrations and important filings due for your business, don't let these surprise you. Get your calendar in order now with those important filing, payment and renewal dates so you can keep your business compliant and in legal operation without incurring costly penalties and fees. This can include:

- Business license renewal
- Estimated income tax payments
- Sales tax return filings and payments
- LLC tax payment
- LLC Statement of Information filing
- Unsecured business property tax payment
- Business insurance premium payments

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8. Plan your goals

Plan next year's short-term and long-term goals to break your larger goals into smaller, actionable steps you will need to plan ahead. What are the next big steps for your business growth? What will be the next steps to create a sustainable, profitable business? What tasks can you outsource or hire for in order to give you more time to grow your business? How can you continue building a life you love while providing others with a valuable product or service?

Start by auditing the current state of your business and then think about where you would like to be at the end of next year. What goals are needed to get to that point? Next, break those goals into smaller steps and create a plan of smaller goals for each month of next year. When we start the year with smaller, actionable goals that seem easier to reach, we can stay consistent in taking those smaller steps that add up to big changes over time. Knowing these micro goals in advance helps us to plan the tools we need to help us achieve them.

9. Last but not least – celebrate yourself!

Finally, take time to review and revel in the accomplishments you have achieved over the year. Whether your business growth has been immense and impressive or slow and steady, reflect and review the positives of what you have achieved.

All of your work deserves to be valued. Take the time you deserve to remind yourself that you are adding your contribution, gifts, talents, services and opportunities to the world, and your hard work will pay off.

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