

Year-end bookkeeping checklist

For the 2026 books: 29 items in 6 groups. Skip the inventory group if you do not sell products.

Before December 31

- ☐ Send invoices for all of this year's work and follow up on overdue ones
Note any you do not expect to be paid, so they can be dealt with before the year closes.
- ☐ Collect a W-9 from every contractor you paid this year
Far easier before their last payment than in late January.
- ☐ Check each employee's name, address and Social Security number in payroll
They go straight onto the W-2s.
- ☐ Confirm the date of the last payroll of 2026
Wages count in the year they are paid, not the year they were earned.
- ☐ Ask your tax preparer about big purchases or other year-end moves before you make them

Bank, card and loan accounts

- ☐ Reconcile every bank account to its December 31 statement
- ☐ Reconcile every credit card through December 31
Card statements often close mid-month, so you may need the January statement too.
- ☐ Reconcile payout accounts such as Shopify, Stripe, Square and PayPal to their December reports
- ☐ Match every loan balance to the lender's year-end statement
Each payment splits into interest (an expense) and principal (which reduces the loan).
- ☐ Clear uncategorized income and expenses, and anything parked in a suspense account
- ☐ Look into checks and deposits that have sat uncleared for months

Payroll and contractors

- ☐ Tie the year's payroll in the books to the payroll system's annual totals
Gross wages, withholding and employer taxes should match to the cent.
- ☐ Confirm every 2026 payroll tax deposit and quarterly filing was made
- ☐ Give W-2s to employees and file them with the SSA by February 1, 2027
The usual January 31 deadline falls on a Sunday in 2027.
- ☐ List every contractor you paid \$2,000 or more in 2026
The 1099-NEC threshold for 2026 payments; it was \$600 through 2025. Card and payment-app payments are usually reported by the payment company instead.
- ☐ Send 1099-NEC forms to contractors and file them with the IRS by February 1, 2027

Inventory and cost of goods

- ☐ Count inventory on December 31, or as close to it as you can
- ☐ Value the count at cost and adjust the books to match it
The adjustment flows into the year's cost of goods sold.
- ☐ Write off stock that is damaged, expired or missing

Assets and owners

- ☐ List equipment, vehicles and software bought this year, with invoices and the date each went into use
Your tax preparer decides whether each one is deducted now or depreciated.
- ☐ Record any assets sold, traded in or scrapped
- ☐ Record owner draws, distributions and contributions in equity, not in expenses
- ☐ Move personal spending paid from the business account out of expenses
Record it as a draw, or have it repaid.
- ☐ Note any money you lent the business, or it lent you, with the balance at December 31

January: close and hand over

- ☐ Review the full-year profit and loss and balance sheet, and ask about anything that looks wrong
- ☐ Compare the year with last year and explain any big changes
- ☐ Lock the year once it is final
A closing date in QuickBooks Online, a lock date in Xero.
- ☐ Send your tax preparer the year-end reports and documents
- ☐ Make the fourth-quarter estimated tax payment by January 15, 2027, if you owe one