

Year-End Books Checklist for Contractors

Everything your QuickBooks file needs before it goes to a tax preparer — or before you file yourself.

Reconcile and clean

- Reconcile every bank and credit card account through December 31
Every account, including the one you barely use. Unreconciled books are unprovable books.
- Zero uncategorized transactions
Search for "Uncategorized Expense/Income/Asset" — all three should return nothing.
- Review accounts receivable; write off invoices that will never be paid
Accrual filers: bad-debt deduction may apply. Cash filers: just clean the list.
- Verify loan balances in QBO match year-end lender statements
Interest portion is deductible; principal is not. The split should be right all year.

Subs and payroll

- Signed W-9 on file for every sub paid \$2,000 or more in 2026
New OBBBA threshold — was \$600. 1099-NEC due to recipients and IRS by February 1, 2027.
- Each 1099 vendor flagged in QBO with tax ID entered
Reports > 1099 Contractor Balance Detail should look complete and sane.
- If S-Corp: payroll filed for all four quarters and W-2s ready
Including reasonable salary actually run through payroll — distributions alone fail the test.
- If S-Corp and you pay your own health insurance: premiums included in W-2 Box 1
The >2% shareholder rule. Miss it and the deduction gets complicated.

Vehicles, equipment, and deductions

- Mileage log closed out: total business miles + Dec 31 odometer photo
2026 standard rate is 72.5 cents/mile. 18,000 business miles = \$13,050 — with a log.
- List of equipment purchases over \$2,500 with invoices attached
Your preparer decides Section 179 (limit \$2,560,000 in 2026) vs 100% bonus depreciation.
- De minimis safe harbor election noted for items expensed under \$2,500
- Home office square footage and total home expenses gathered (if applicable)

Wrap-up

- Estimated tax payments listed: date and amount for all four quarters
Q4 2026 payment is due January 15, 2027. Bring confirmation numbers.
- Retirement contributions decided: SEP-IRA or Solo 401(k)
Solo 401(k) must be established by Dec 31, 2026 to make 2026 elective deferrals.

- Owner draws / distributions documented for the year
- P&L by Project reviewed — know your worst job before your preparer asks
- Set a closing date password in QBO once books go to the preparer

Settings > Advanced > Close the books. Stops December edits from breaking the filed return.

Bring your preparer: reconciled QBO access or backup, year-end bank/loan statements, mileage total, asset invoices, payroll reports, estimated payment records, and last year's return if you are switching preparers. Clean handoff = lower bill.

Educational information for tax year 2026, current as of June 2026. Not personalized tax advice. © 2026 Help With Tax · helpwithtax.com