

2026 Year-Round Tax Planning Checklist for Houston Small Businesses

*Stay organized **and** proactive with this Houston-focused tax planning checklist. Tasks are grouped by time period (Monthly, Quarterly, Year-End, Annual) so you can keep federal and Texas obligations on track throughout the year.*

Monthly Tasks

- **Maintain Up-to-Date Bookkeeping & Records:** Record all income and expenses each month. Reconcile bank accounts and keep supporting documents (receipts, invoices) for deductions. Good recordkeeping is crucial for accurate tax filings (see **IRS Publication 583: Starting a Business and Keeping Records** for guidance).
- **Set Aside Taxes & Review Finances:** Calculate monthly profit and set aside estimated tax funds so you can make quarterly payments without a crunch. Review your profit/loss to monitor cash flow and identify any tax-saving opportunities early.
- **Texas Sales Tax (Monthly Filers):** If your business files Texas sales & use tax monthly, **file and pay by the 20th of each month** for the prior month's sales. (For example, January sales taxes are due by February 20.) Mark your calendar for the 20th, or the next business day if the 20th falls on a weekend/holiday.
- **Payroll Tax Deposits:** If you have employees, deposit federal payroll taxes (withheld income tax, Social Security/Medicare) on time per your IRS deposit schedule. Many small employers deposit monthly by the 15th of the following month – ensure timely deposits to avoid penalties. Also pay Texas state unemployment insurance contributions as required.
- **Maintain Compliance Documents:** Each month, update any licenses, permits, or resale certificates and ensure you collect Form W-9 from new contractors. Staying on top of paperwork will make quarterly and annual filings much easier.

Quarterly Tasks

- **Quarterly Estimated Tax Payments:** Pay your federal estimated taxes four times a year: **April 15, June 15, September 15, and January 15** (of the following year). These payments cover income not subject to withholding (e.g. self-employment or business profits). Timely quarterly payments help you avoid IRS underpayment penalties. *(Tip: Use the **IRS online payment system** or mail **Form 1040-ES**. The IRS tax calendar and Estimated Tax page have due date info and payment options.)*
- **File Quarterly Sales Tax (Quarterly Filers):** If your Texas sales tax filing frequency is quarterly, **file Texas sales & use tax reports by April 20, July 20, October 20, and**

January 20 (for Q1, Q2, Q3, Q4 respectively). (Due dates shift to the next business day if they fall on a weekend or holiday.) Keep copies of your Texas **Webfile** confirmations as proof of timely filing.

- **File Federal Quarterly Payroll Returns:** If you have employees, **file Form 941** (Employer's Quarterly Federal Tax Return) by the last day of the month following each quarter (Apr 30, Jul 31, Oct 31, Jan 31). This reports wages, federal income tax withholding, and Social Security/Medicare taxes. Pay any remaining payroll tax when filing. Texas employers should also file and pay state unemployment tax quarterly (via the Texas Workforce Commission).
- **Review Year-to-Date Financials:** After each quarter, review your year-to-date profit/loss and balance sheet. Compare against your budget and prior year. This helps identify mid-year tax planning moves (e.g. adjusting estimated payments if income is higher/lower than expected, or timing asset purchases).
- **Quarterly CPA Check-In:** Schedule a brief check-in with your CPA or tax advisor after each quarter (or at least mid-year after Q2). They can help you adjust estimated tax calculations, discuss any tax law changes, and ensure your bookkeeping is on track. Regular quarterly reviews mean fewer surprises at year-end.

Year-End Planning Tasks (Q4)

- **Year-End Tax Planning Meeting:** In late fall (Oct/Nov), meet with your CPA to strategize your end-of-year moves. Review projected taxable income for the year and plan ways to minimize taxes. This may include timing of income and expenses, adjusting your salary/distributions, or using any "safe harbor" tax strategies.
- **Strategic Purchases & Deductions:** Consider making business purchases before December 31 if you need additional expenses. For example, invest in new equipment, technology, or vehicles that your business needs – you may be able to deduct the cost this year through depreciation or Section 179 expensing. Likewise, stock up on supplies or prepay certain expenses (rent, insurance) if it makes financial sense. *(Always consult your CPA: you want to balance tax savings with cash flow needs.)*
- **Retirement Contributions:** If you haven't maximized a retirement plan, year-end is a good time to contribute. Plans like a SEP IRA, SOLO 401(k), or SIMPLE IRA can significantly reduce taxable income. Ensure any employee bonuses or profit-sharing contributions are decided and documented before year-end as well.

- **Review Receivables and Bad Debts:** Identify any invoices that are uncollectible and consider writing off bad debts before year-end (if using accrual accounting). This provides a deduction and cleans up your books. Also, try to collect any open receivables – extra cash on hand will help with year-end purchases or bonuses.
- **Inventory and Asset Review:** If your business carries inventory, conduct a year-end inventory count. Dispose of any obsolete inventory items (you may get a deduction for losses or donate items to charity for a write-off). Review your fixed asset list as well – remove any assets you no longer have. This housekeeping will make your tax depreciation schedule accurate and potentially reduce personal property tax on assets (in Texas).
- **Gather 1099 Recipient Info:** In December, ensure you have a completed **Form W-9** for each contractor/vendor who will need a 1099-NEC. Verify addresses and Tax ID numbers now. This preparation will make the January Form 1099 filing go smoothly.
- **Plan for Texas Margins & Franchise Tax:** If your Texas business revenue is near the no-tax-due threshold for franchise tax, estimate your Texas margins. If you're over the threshold, you might strategize ways to reduce taxable margin (e.g. making deductible purchases as noted above). Also confirm that your Texas Public Information Report (PIR) details (officer names, etc.) are updated; you'll need that for the franchise tax filing by May.
- **Finalize Year-End Payroll and Bonuses:** Decide on any year-end employee bonuses or owner's draw by 12/31. If you run a payroll, process any bonus through payroll in December so that withholding is taken out and it's included in W-2 wages. For S-corp owners, ensure your salary is reasonable and fully paid by year-end. This is also a good time to verify employees' addresses and Social Security numbers in preparation for W-2s.

Annual & Specific Deadlines

- **Issue Forms W-2 and 1099 by January 31:** By January 31, provide **Form W-2** to each employee and file copies with the SSA, and provide **Form 1099-NEC** to any contractor paid ≥\$600 (and file with the IRS). The same deadline applies to filing these forms to government agencies as well. (Forms 1099-MISC for any rents/royalties are due to payees by Jan 31 and to the IRS by Feb 28 if paper or Mar 31 if e-filed.) **Tip:** Utilize IRS **Business Services Online** or an accounting software to e-file these forms and avoid late filing penalties.
- **File Annual Income Tax Returns:** Prepare your annual income tax filings on time. For **sole proprietors and single-member LLCs**, include **Schedule C** with your

personal Form 1040 due **April 15**. Partnerships and multi-member LLCs file **Form 1065** (due March 15) and S-Corporations file **Form 1120-S** (due March 15). C-Corp returns (Form 1120) are due April 15 for calendar-year companies. If needed, file for an extension (Form 7004) by the original due date, but remember this **extends time to file, not to pay** taxes. Mark these key dates and coordinate with your CPA to get books closed and tax info ready for return preparation.

- **Texas Personal Property Tax Rendition – due April 15:** By **April 15** each year, **file your business personal property rendition** with your county appraisal district. This report lists your business’s tangible personal property (equipment, inventory, furniture, etc.) as of Jan 1. All Texas businesses must file a rendition so the county can assess property tax on those assets. **Tip:** Download the rendition form from your county appraisal district or the Texas Comptroller’s site, and submit it by April 15. You can request a filing extension to May 15 **in writing** if needed. Failing to render can result in a 10% penalty on your tax bill, so don’t miss this deadline. *(See the **Texas Comptroller’s guidance on business personal property renditions for more info.**)*
- **Texas Franchise Tax Annual Report – due May 15:** Almost all Texas entities (LLCs, corporations, LLPs, etc.) must **file** a Franchise Tax report and Public Information Report each year by **May 15**. Even if no franchise tax is due (for example, if revenues are below the no-tax-due threshold), an information report is still required. Mark May 15 on your calendar to file the **No Tax Due** report (or franchise tax report) and PIR via the Texas Comptroller’s Webfile system. **Note:** Late franchise reports incur a minimum \$50 penalty even if no tax is owed. (For details, refer to the **Texas Comptroller’s franchise tax info** page.)
- **Federal Tax Extensions and Q4 Estimate – January 15:** Remember that the fourth quarter estimated tax payment (covering September–December) is due **January 15** of the next year. This is effectively your final “true-up” payment before filing your annual return. Pay enough by this date to cover your remaining tax for the year to avoid an underpayment penalty. If cash flow is an issue or you’re waiting on final numbers, you might also consider filing an **extension** for your tax return. Just be sure to pay at least 90% of your total tax by the original deadline to avoid failure-to-pay penalties (the IRS will charge about 0.5% per month on unpaid taxes after April 15).
- **Periodic Business Reviews with CPA:** Beyond tax deadlines, make it a point to **work with a CPA** periodically (at minimum annually, but ideally mid-year and year-end). A Texas-based CPA can help you navigate any **state-specific taxes** (like

franchise tax nuances or sales tax issues) and ensure you're taking advantage of any **Texas tax incentives** or compliance requirements. They'll also keep you apprised of federal tax changes, help with strategic planning (buy vs. lease decisions, entity structure, etc.), and ensure your year-round efforts translate into a smooth tax filing season. Investing in professional advice can save money and headaches in the long run.

Helpful Resources

- **IRS Estimated Taxes – Due Dates & Payment Info:** IRS guide on who must pay estimated taxes, due date schedule, and how to pay. (Includes links to **Form 1040-ES** and online payment options.)
- **IRS Publication 583 – Recordkeeping for Small Businesses:** Official IRS publication *“Starting a Business and Keeping Records”* (Pub 583) explaining what records to keep, bookkeeping systems, and retention guidelines. Great reference to ensure your monthly recordkeeping meets IRS standards.
- **IRS Tax Calendar for Businesses:** An IRS interactive tax calendar showing all federal filing deadlines (estimated taxes, payroll taxes, returns, etc.) for each month. You can download the calendar or sync it to your digital calendar for automatic reminders.
- **IRS Underpayment Penalty Explanation:** IRS Tax Topic 306, which details how underpayment penalties work and the **safe harbor** thresholds (avoiding penalty if you pay 90% of current year tax or 100% of last year's tax. Helps you understand how to adjust estimated payments to steer clear of penalties.
- **Texas Comptroller – Franchise Tax Information:** Texas Comptroller's franchise tax portal with instructions, FAQs, and Webfile access for filing the annual report. Includes details on the **May 15** due date, no-tax-due thresholds, penalties, and extensions.
- **Texas Comptroller – Personal Property Rendition Guidance:** Guidance on business personal property renditions from the Texas Comptroller (Property Tax Assistance Division). Covers what a rendition is, **April 15** deadline, extension to May 15 upon request, and penalties for late filing. Check here for instructions and links to rendition forms to file with your county.

By following this year-round checklist, Houston small business owners can **stay compliant** with federal IRS requirements and Texas-specific taxes. Regular planning and timely filings will help you avoid penalties, minimize surprises, and optimize your tax outcomes.

Remember, consistency is key – making tax planning a year-round habit will keep your business running smoothly and set you up for success at tax time! 