



2025 Year-End Checklist

Help your clients close the year strong and start 2026 with confidence.



Encourage bank and credit reconciliation

Monthly reconciliations help detect fraud and catch accounting errors. If clients fell behind, help them get statements reconciled before 1/1/26.

Analyze aging accounts receivable

Review the client's A/R aging report and focus on past-due/delinquent invoices. Issues may stem from incorrect matching, duplicate billing, or stalled collections. Schedule time before 12/31 to resolve discrepancies.

Perform inventory counts by 12/31

Schedule physical inventory counts on or near 12/31 to capture accurate year-end quantities, support COGS calculations, and identify areas needing adjustment.

Books clean-up and pre-tax preparation

Review P&L and balance sheet subaccounts for accuracy. Confirm fixed asset additions/disposals, reconcile applicable balance sheet accounts, and resolve remaining questions with the client before 2026.

Send year-end receipt reminders

SMBs often assume bank statements suffice, but the IRS requires detailed receipts to support business expenses. Remind clients to gather missing documentation.

Complete payroll entries by year-end

Ensure all contractor payments, W-2 earnings, and bonuses are completed before 12/31/25. Confirm client W-9s are on file for all contractors to prepare 1099s.

Submit all bonus payroll entries

Bonus payrolls may need extra processing time due to IRS Next-Day Rules and direct deposit limits. Encourage clients to submit entries early so they're processed in 2025.

Pay attention to fringe benefits

Taxable benefits—such as gym memberships, gift cards, or personal use of a company car—must be recorded in employees' payroll history before year-end.

Record employer healthcare contributions

Have clients request annual employer/employee premium totals from their insurance provider. Amounts report employer-paid premiums on workers' W-2s.

Review reasonable compensation

For S Corp clients, confirm reasonable compensation meets IRS standards. Unreasonably low salaries compared with distributions can trigger penalties or back taxes. RCReports can assist with this analysis.

2026 state and federal updates

Review January 1 changes like minimum wage increases, unemployment insurance rate updates, and new paid leave laws with clients. Ensure payroll systems are updated before the first 2026 pay run.

Postmark year-end forms by 2/2/26*

W-2s and 1099-NEC forms must be furnished and filed by 2/2/26. Remind clients mailed forms must be postmarked by that date. Ensure Form W-3 accompanies W-2s and Form 1096 accompanies 1099s to avoid penalties.

*The typical postmark deadline of 1/31/26 falls on a Saturday, so this year's deadline is Monday, February 2, 2026.

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