Year-end close checklist

Send the first group to the client in early December. Work the other groups in order, write the owner and the date beside each line, and tick it when the evidence is filed.

Client or engagement

December request to the client

- [ ] December statement for every bank and savings account
  Including accounts opened or closed during the year; PDF from the bank.
- [ ] December statement for every business credit card
  Employee cards included.
- [ ] Year-end loan and line of credit statements
  Showing the ending principal and the interest paid for the year.
- [ ] Form 1098, or the lender’s year-end interest statement
  Lenders issue Form 1098 only to individuals, including sole proprietors; corporations and partnerships get the interest statement.
- [ ] Mortgage statement for December
  Principal, interest and escrow split for the last payment.
- [ ] Form W-9 for each vendor paid for services or rent
  Only vendors with no signed W-9 on file.
- [ ] Invoices for assets bought during the year
  Equipment, vehicles, computers, software: date and price.
- [ ] Payroll provider annual reports
  Annual payroll register, last pay stubs, draft W-2s and Form 940.
- [ ] Signed inventory count at year end
  Only if the client holds stock.
- [ ] Owner contributions and draws
  Transfers in and out, personal cards used for the business.

Final close of the year

- [ ] Complete the December month-end close
  Every bank, card and loan account reconciled.
- [ ] Tie loan balances to the lender year-end statements
- [ ] Tie payroll liabilities to the fourth-quarter Form 941
- [ ] Review receivables with the client and record write-offs
  Only balances the client agrees will not be collected.
- [ ] Clear stale payables and vendor credits

- [ ] Apply the capitalization policy to the year’s purchases
  De minimis safe harbor items expensed if the client elects it; the rest capitalized.
- [ ] Post asset additions, disposals and depreciation
  From the purchase invoices and the asset register.
- [ ] Post accruals, the prepaid true-up and the inventory adjustment
  Accrual-basis clients only.

January wage and contractor filings

- [ ] Confirm W-2s furnished and filed with Form W-3
  Due February 1, 2027 for the 2026 year.
- [ ] Confirm the fourth-quarter Form 941 and Form 940 are filed
  February 1, 2027, or February 10, 2027 if all deposits were on time.
- [ ] Confirm the state annual wage reconciliations are filed
  State W-2 transmittals; dates vary by state.
- [ ] Run the vendor payments report for the calendar year
  Payments by payee, to build the 1099 list.
- [ ] Drop corporations and card payments from the 1099 list
  Keep attorneys and medical providers even if incorporated; card payments go on Form 1099-K.
- [ ] Check payee names and taxpayer IDs before filing
  Against each Form W-9; IRS TIN Matching if the client is enrolled.
- [ ] Furnish and file Form 1099-NEC
  Nonemployee pay of $2,000 or more: February 1, 2027 to recipients and the IRS.
- [ ] Furnish and file Form 1099-MISC
  Recipient copy February 1, 2027; IRS March 1, 2027 on paper, March 31, 2027 electronically. E-file at 10 returns or more in total; Form 1096 with paper copies.

Review, lock and archive

- [ ] Review the trial balance, profit and loss and balance sheet against the prior year
- [ ] Send the CPA the year-end package
  Trial balance, reconciliations, asset register, loan schedules, payroll and 1099 filings.
- [ ] Post the CPA’s adjusting entries dated on the last day of the year
- [ ] Check opening retained earnings for the new year
  Prior balance plus net income, less distributions.
- [ ] Set the closing date or lock date
- [ ] Preparer and reviewer sign-off with dates
- [ ] Archive the year’s statements, filings and workpapers
  Employment tax records for at least 4 years.