Tax Guide 2026 — Business Owners

Nov 1, 2026 · @Tax Guru



Getting Your Business Ready for 2026 Year-End

It's that time of year again when we should meet to discuss year-end strategies that might reduce your business's 2026 taxes, and to look ahead at what changes for 2027.

For the first time in years, businesses can plan with real confidence. The One Big Beautiful Bill Act (OBBBA) made the major business tax breaks permanent, including 100% bonus depreciation, immediate deduction of U.S. research costs and the 20% qualified business income deduction. So 2027 brings higher limits rather than new uncertainty. With only weeks left in 2026, decisions you make now about equipment, owner pay, payroll and retirement plans can still lower this year's tax bill.

A Word About the Numbers. The IRS usually publishes its official 2027 figures in late October or November. Where those figures were not yet out when this guide was written, I show the widely used projections and label them "projected." I'll confirm the final amounts with you once they're released.

A Word About Acronyms. You'll see "QBI" a lot below. QBI stands for "qualified business income," the profit from a sole proprietorship, partnership, LLC or S corporation that can qualify for a 20% deduction on the owner's personal return. "Placed in service" means equipment is installed and ready to use, not just ordered.

Tax Guru's tax planning checklist of additional action items may help you save tax dollars.

What's New for 2027

Business limits rise modestly for 2027, and the most valuable breaks are now permanent. Here are the numbers my business clients ask about most:

Item	2026	2027
Section 179 expensing limit	$2,560,000	$2,640,000 (projected)
Bonus depreciation	100%	100% (permanent)
QBI deduction income threshold — single / joint	$201,750 / $403,500	Indexed for inflation (pending)
Form 1099-NEC / 1099-MISC threshold	$2,000	$2,100 (projected)
Form 1099-K threshold	$20,000 and 200 transactions	No change
Social Security taxable wage base	$184,500	$192,300 (official)
Total 401(k) contributions per employee	$72,000	$75,000 (projected)
HSA contribution — self-only / family	$4,400 / $8,750	$4,500 / $9,000 (official)

Opportunity Zones 2.0. Starting January 1, 2027, the Opportunity Zone program becomes permanent with a new map of zones. Capital gains invested in a qualified opportunity fund on or after that date can be deferred for a rolling five years, with a 10% reduction in the taxable gain if held five years (30% for qualifying rural funds).

Payroll Costs Rise Slightly. Wages up to $192,300 per employee are subject to the 6.2% Social Security tax in 2027. For an employee at or above the cap, the employer's share rises from $11,439 to $11,922.60.

Employee Benefits Keep Growing. The $5,250 tax-free limit for employer education and student loan help starts rising with inflation in 2027.

Ownership Reporting Is Gone for U.S. Companies. FinCEN's final rule, effective August 14, 2026, permanently exempts U.S.-formed LLCs and corporations from beneficial ownership (BOI) reporting. Foreign companies registered in the U.S. still must file.

What I'm Watching. Congress returns November 9 for a post-election session with a December 11 government funding deadline. Proposals include an IRS modernization package and new tax rules for digital assets. Separately, refunds of certain emergency (IEEPA) tariffs are being processed; if you import goods, check with your customs broker. I'll let you know if any new law affects your 2026 or 2027 taxes.

Depreciation, Expensing and Research Costs

100% Bonus Depreciation. Bonus depreciation is now permanent at 100% for qualifying equipment, vehicles, furniture and software acquired after January 19, 2025. You can deduct the full cost in the year

the asset is placed in service. Planning Opportunity: if you need equipment anyway, buying it and having it installed by December 31 moves the whole deduction into 2026.

Section 179 Expensing. For 2026, you can expense up to $2,560,000 of qualifying property, with the limit phasing out once total purchases exceed $4,090,000. The limit for heavy SUVs is $32,000. Section 179 can't create a loss, but unlike bonus depreciation it lets you pick specific assets, which helps with state tax planning.

New Factories and Production Buildings. Buildings used for manufacturing, production, agriculture or refining can be written off 100% if construction begins before January 1, 2029 and the building is in service before January 1, 2031. If you're considering a facility, we should map your timeline to these dates.

Research and Development Costs. U.S. research and development costs, including many software development costs, can again be deducted in full in the year they're paid. Research done outside the U.S. must still be deducted over 15 years.

Write Off What You No Longer Use. Review your fixed-asset list before year-end. Equipment that's been scrapped or sold should come off the books so we can claim any remaining deduction.

The QBI Deduction, Interest and Owner Pay

20% Qualified Business Income Deduction. The QBI deduction is now permanent. Owners of sole proprietorships, partnerships, LLCs and S corporations can generally deduct up to 20% of their business profit. For 2026, the full deduction is available when taxable income is below $201,750 ($403,500 for joint returns). Above that, limits based on W-2 wages and property phase in over a wider range than before: $75,000 ($150,000 for joint returns). Owners with at least $1,000 of QBI from a business they actively run also get a minimum $400 deduction.

Owner Salary and Distributions. If you own an S corporation, the salary you pay yourself affects both payroll taxes and your QBI deduction. Before year-end, let's check that your pay is reasonable for your role and still makes the most of the deduction.

Business Interest. The limit on deducting business interest is again based on earnings before depreciation and amortization (EBITDA), which lets businesses with equipment or real estate loans deduct more interest than under the 2022–2024 rules.

Pass-Through Entity Tax (PTET). If your state offers an elective entity-level tax and you've elected it, payments made by December 31 are generally deductible on the business's 2026 federal return. This keeps state taxes from counting against your personal SALT limit.

Excess Business Losses. For 2026, business losses can offset no more than $256,000 ($512,000 for joint returns) of other income. Larger losses carry forward to future years.

C Corporations. The 21% corporate rate is permanent. Starting with 2026, corporate charitable gifts are deductible only above 1% of taxable income (and up to 10%), so it may make sense to bunch giving into fewer years.

Payroll, Employee Benefits and Employer Credits

Retirement Plans. A retirement plan is one of the best ways to cut taxes for you and your team. For 2026, employees can defer up to $24,500 into a 401(k), plus catch-up contributions at age 50 and older, and total contributions per employee can reach $72,000 (projected $75,000 for 2027). Some plans, like a SEP-IRA, can be opened and funded up to your return's due date, including extensions.

Tax-Free Education and Student Loan Help. You can give each employee up to $5,250 a year of tax-free help with education or student loans. This is now permanent, and the limit starts rising with inflation in 2027.

Trump Account Contributions. You can contribute up to $2,500 per employee each year to an employee's or their child's Trump account, tax-free to the employee and deductible for you. Many employers are starting by matching the government's $1,000 deposit for children born from 2025 through 2028.

Paid Family and Medical Leave Credit. The employer credit for paid family and medical leave is now permanent, and it can apply to premiums for leave insurance as well as wages paid.

Employer-Provided Childcare Credit. Starting in 2026, this credit covers up to 40% of qualified childcare costs (50% for eligible small businesses), with a maximum of $500,000 a year ($600,000 for small businesses).

Year-End Bonuses. Bonuses paid by December 31 (cash method), or within 2½ months after year-end (accrual method), are deductible for 2026.

Payroll Updates. Make sure payroll is tracking qualified overtime and tips, which must be reported on 2026 W-2s, and update your system for the 2027 Social Security wage base of $192,300.

Information Reporting and Compliance

Higher 1099 Thresholds. Starting with 2026 payments, you generally issue a Form 1099-NEC or 1099-MISC only to someone you paid $2,000 or more (up from $600). The threshold is projected to rise to $2,100 for 2027. Payment apps and card processors issue a Form 1099-K only above $20,000 and 200 transactions. Collecting a Form W-9 from every contractor now still makes January far easier.

New W-2 Reporting. The redesigned 2026 Form W-2 has new Box 12 codes for qualified overtime (TT), cash tips (TP) and employer Trump account contributions (TA), plus a box for a tipped worker's occupation code. The transition relief the IRS gave for 2025 does not carry over, so please confirm your payroll provider supports these fields.

Penalties Are Rising. A missing or incorrect information return filed in 2027 can cost $340 per form, so accurate contractor and payroll records matter.

No BOI Filing. U.S.-formed companies no longer file beneficial ownership reports with FinCEN. Foreign companies registered to do business in the U.S. still must.

Records Retention. Keep receipts, mileage logs and asset purchase records. Good records are what let us claim the full depreciation, vehicle and expense deductions described in this guide.

Capital Gains, Opportunity Zones and Credits That Have Ended

Deferred Opportunity Zone Gains Come Due. If you invested gains in an original Opportunity Zone fund, the deferred gain is taxed on December 31, 2026, so set aside cash for it now.

Opportunity Zones 2.0. If you sell property or a business at a gain in late 2026, you may be able to invest it within 180 days in a new Opportunity Zone fund after January 1, 2027. You'd defer the tax for five years and reduce the taxable gain by 10% (30% for qualifying rural funds), and growth on a 10-year investment can be tax-free. A zone that qualified under the original map may not qualify under the new one, so let's check any property before you commit.

Clean Energy Breaks Have Ended. The commercial clean vehicle credit ended for vehicles acquired after September 30, 2025. The energy-efficient commercial building deduction (179D) isn't available for construction that began after June 30, 2026, and the new energy-efficient home credit (45L) ended for homes acquired after June 30, 2026. The EV charger credit ended for property placed in service after June 30, 2026.

Tax Guru's Year-End Business Checklist

The biggest wins usually come from equipment timing, owner pay and retirement contributions, and most of these must happen by December 31, 2026.

- ☐ Buy needed equipment, computers, furniture and software, and have them installed and in use by December 31.
- ☐ If you use the cash method, pay deductible bills (supplies, repairs, insurance, professional fees) before year-end where it makes sense.
- ☐ Review your fixed-asset list and write off items you no longer use.
- ☐ Project your 2026 profit with us, including how owner salary and distributions affect the QBI deduction.
- ☐ Make your PTET payment by December 31, if your business has elected it.
- ☐ Pay year-end bonuses by December 31 (cash method), or within 2½ months after year-end (accrual method).
- ☐ Choose a retirement plan for you and your team before year-end.
- ☐ Decide which 2027 benefits to offer: student loan help, Trump account contributions, paid family leave or childcare support.
- ☐ Collect a Form W-9 from every contractor, and note who you paid $2,000 or more.
- ☐ Confirm payroll is tracking overtime and tips for the new W-2 boxes.
- ☐ Set aside cash for any deferred Opportunity Zone gain due December 31, 2026.
- ☐ Reconcile bank, credit card and loan accounts so your books are ready for filing season.

Key Dates in Early 2027

January is the busiest compliance month for employers, and this year January 31 falls on a Sunday, which moves several deadlines to Monday, February 1.

KEY DATES AHEAD



Date	What's due
December 15, 2026	Fourth-quarter estimated tax for calendar-year C corporations
December 31, 2026	Equipment in service, PTET payments, cash-method bonuses and bills paid
January 15, 2027	Fourth-quarter 2026 estimated tax for individuals and pass-through owners
February 1, 2027	W-2s to employees and the Social Security Administration; 1099-NEC to contractors and the IRS; fourth-quarter Form 941 and annual Form 940
March 15, 2027	Partnership (Form 1065) and S corporation (Form 1120-S) returns or extensions; K-1s to owners
April 15, 2027	C corporation and individual returns or extensions; first 2027 estimated payment

Concluding Thoughts

Please don't hesitate to call if you have questions about anything in this guide. A year-end planning meeting is the best way to turn these rules into real savings for your business, and equipment, payroll and retirement decisions all need to be made before the year closes. Please bring your year-to-date profit and loss statement, balance sheet, fixed-asset purchases and payroll reports. You can reach me at (844) 679-5639 or smita@taxgurullc.com, or book online at taxgurullc.com. I'll send an update once the IRS releases its official 2027 figures.

Sincerely,

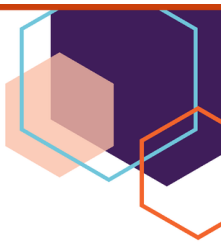
Tax Guru Team

TAXGURU LLC.

Let's plan before December 31

(844) 679-5639 | smita@taxgurullc.com

Book online at taxgurullc.com



This guide is for general information only and is not individualized tax advice. Tax situations vary, and 2027 figures marked "projected" may change when the IRS publishes official amounts. Please consult us about your specific circumstances before acting.