



2026 Year-End Tax Checklist for Contractors

What to do before December 31 to lower your 2026 tax bill and start 2027 organized.

Most tax savings for a construction business have to happen **before** the year ends. Work through this list in November and December, check off what applies to you, and bring your questions to a free 30-minute call.

\$2.56M

2026 Section 179 expensing limit

\$2,000

New 1099-NEC threshold for 2026 payments

76¢

Business mileage rate, Jul–Dec 2026 (72.5¢ Jan–Jun)

Jan 15

Q4 2026 estimated tax payment due (2027)

01 Trucks, equipment & tools

- ☐ **Plan big purchases before December 31.** Equipment, tools and work vehicles must be **placed in service** (delivered and ready to use, not just ordered) by year-end to count for 2026.
Section 179 lets you expense up to \$2,560,000 in 2026 (reduced once total purchases pass \$4,090,000). 100% bonus depreciation is available for qualifying property acquired after January 19, 2025.
- ☐ **Check the vehicle rules before buying a truck or SUV.** Vehicles over 6,000 lbs gross vehicle weight can qualify for a larger first-year write-off. Heavy SUVs have a \$32,000 Section 179 cap in 2026; many full-size pickups and work vans are not subject to it.
- ☐ **Don't buy just for the deduction.** A write-off saves a percentage of the cost, not the whole cost. Buy what the business needs, and time it well.
- ☐ **Update your mileage log.** Record date, job site or supplier, purpose and miles. If you use the standard rate, 2026 trips are 72.5¢ per mile through June 30 and 76¢ per mile from July 1.
- ☐ **Gather purchase documents** for every vehicle and major piece of equipment bought this year: bill of sale, loan papers and the in-service date.

02 Subcontractors & 1099s

- ☐ **Collect a Form W-9 from every subcontractor** before you make their final 2026 payment. It's much harder to get one in January.
- ☐ **Total what you paid each sub this year.** For payments made in 2026, Form 1099-NEC is generally required when you paid a non-corporate sub **\$2,000 or more** (up from \$600).
1099-NECs are due to the IRS and to each subcontractor by February 1, 2027 (January 31 falls on a Sunday). Payments made by credit card or through payment apps are generally reported by the processor instead.
- ☐ **Keep current certificates of insurance** for each sub on file. Missing certificates can raise your workers' comp premium at audit.

03 Income & expense timing

- ☐ **Pay deductible bills before year-end** if you're on the cash method: materials, supplies, repairs, and certain prepaid expenses covering 12 months or less.
- ☐ **Think about invoice timing.** Cash-method businesses generally report income when they receive it, so the timing of year-end billing affects which year it's taxed in.
- ☐ **Close out finished jobs** and compare estimated vs. actual costs while the details are fresh.
- ☐ **Review your profit for the year** so far. It drives every other decision on this list.

04 Retirement contributions

- ☐ **Solo 401(k):** you can defer up to **\$24,500** in 2026, plus \$8,000 if you're 50 or older (\$11,250 if you're 60–63), with a combined limit of **\$72,000** including the employer share.
- ☐ **SEP IRA:** contribute up to 25% of compensation, up to **\$72,000**. It can be opened and funded until your tax filing deadline, including extensions.
- ☐ **Check plan deadlines now.** Some plans and contributions must be set up before December 31. Ask us which works best for your business.

05 Business structure & owner pay

- ☐ **S-Corp owners:** make sure you've paid yourself a reasonable salary through payroll before December 31, and that owner health insurance is included on your W-2.
- ☐ **Not an S-Corp yet?** If your profit is consistently strong, ask whether an S-Corp election for 2027 could reduce self-employment tax. The election is generally due by March 15.
- ☐ **Separate business and personal accounts.** Mixed spending makes deductions harder to prove.

06 Records & deadlines

- ☐ **Reconcile bank and credit card accounts** through December and match them to your books.
- ☐ **Organize receipts** for materials, tools, fuel, phone, insurance, licenses and equipment rentals.
- ☐ **Make your Q4 estimated payment** by January 15, 2027 to avoid underpayment penalties.
- ☐ **Put January dates on your calendar:** W-2s and 1099-NECs due February 1, 2027.

Not sure which items apply to you? That's what the free call is for. We'll go through this list with you and tell you which moves are worth making before December 31.

Go through this list with an Enrolled Agent

Free 30-minute video call. 100% remote, no obligation.

stratusfinancial.com/schedule.html

(847) 450-7831

info@stratusfinancial.com

This checklist is general information current as of October 2026 and is not tax advice for your specific situation. Tax law limits and deadlines can change. Talk to a tax professional before acting. Stratus Financial Ltd., DBA Stratus Taxes, Schaumburg, Illinois.