End-of-Year Strategic Planning Checklist

for Business Owners and Franchisees

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Finish the Year Strong

As the year comes to a close, business owners and franchisees have a unique opportunity to take control of their financial outcomes. Proactive tax planning isn't just about minimizing what you owe today—it's about setting your business up for long-term success. This checklist is designed to help you identify key areas to address before December 31, while also preparing you for the year ahead. By asking the right questions and taking intentional steps, you can ensure your tax strategy supports your broader financial and operational goals.

I. Year-End Financial and Tax Planning

1. Review and Adjust Current-Year Tax Projections

- ☐ Calculate 2024 tax liability and determine if Q4 estimated payments are required (due January 15, 2025).
- ☐ Review and adjust tax withholdings for owner salaries.

2. Determine Reasonable Salary for S Corp Shareholder-Employees

- ☐ Assess your current salary to ensure it aligns with IRS guidelines and industry standards for "reasonable compensation."
- ☐ Adjust your salary, if necessary, and calculate any additional withholdings for income and payroll taxes before year-end.

3. Optimize Retirement Contributions

- ☐ Evaluate and contribute to retirement plans (e.g., 401(k), SEP IRA, Roth IRA, defined benefit plans).
- ☐ Maximize contributions based on current income and tax brackets.

4. Leverage Capital Expenditures

- ☐ Identify qualifying purchases (e.g., vehicles, equipment, machinery) for accelerated depreciation.
- ☐ Ensure purchases are made before December 31 to claim deductions for 2024.

5. Explore Revenue and Expense Timing

- ☐ Defer revenue (for cash-basis taxpayers) by delaying invoicing where appropriate.
- ☐ Accelerate deductible expenses like rent, utilities, and supplies.

6. Capital Gains and Loss Management

- ☐ Harvest losses to offset gains or reduce taxable income.
- ☐ Evaluate timing for real estate or investment sales, including options like 1031 exchanges.

7. Strategic Roth Conversions

- ☐ Convert traditional retirement accounts to Roth IRAs to take advantage of current tax rates.
- ☐ Analyze the impact of tax sunsets in 2026 on long-term savings.

8. Employee Benefits and Tax Deferral Plans

- ☐ Set up or maximize deferred compensation plans (e.g., defined benefit or cash balance plans).
- ☐ Explore year-end strategies to defer substantial income while saving taxes.

9. Compliance Check: 1099s and Contractor Payments

- ☐ Collect W-9s from contractors and track payments accurately.
- ☐ Reconcile records in software like QuickBooks or Gusto to prepare for 1099 issuance.

10. Optimize Financial Operations

- ☐ Ensure bookkeeping, payroll, and sales tax filings are accurate and current.
- ☐ Consider outsourcing accounting functions to improve efficiency.

11. Align Tax Planning with Broader Financial Strategy

- ☐ Integrate tax planning with investment, estate planning, and insurance strategies.
- ☐ Evaluate tax implications of deferring vs. paying taxes now to maximize future savings.

II. Franchise Considerations

1. Initial Fees and Start-Up Costs

- ☐ Confirm initial franchise fees are amortized over 15 years per IRS rules.
- ☐ Deduct eligible start-up costs (e.g., FDD reviews, Discovery Day expenses) up to $5,000 for 2024; amortize any excess.

2. Royalties and Incentives

- ☐ Deduct royalty payments made in 2024 as business expenses.
- ☐ Account for franchisor incentives (e.g., rebates, marketing credits) as income or expense adjustments.

3. Territory Expansion or Transfer

- ☐ Capitalize costs for new territories; these are not immediately deductible.
- ☐ Consult your CPA on tax strategies for territory sales, including 1031 exchanges.

4. Compliance and Renewal Costs

- ☐ Deduct franchise renewal and compliance costs paid in 2024.
- ☐ Ensure year-end financial reports meet franchisor requirements.

Misc. Considerations

As you wrap up your year-end planning, don't forget to address other areas that can impact your financial picture. Consider making **charitable contributions** before December 31 to maximize deductions, reviewing **home office expenses** to ensure they meet IRS guidelines, and confirming **deductions for business-related insurance premiums**. Additionally, **prepaying property or income taxes** might provide savings under the SALT cap, and using your **annual gift exclusions** can support estate tax planning.

Next Steps

- ☐ **Consult Your CPA:** Schedule a year-end tax planning meeting to discuss personalized strategies.
- ☐ **Review Deadlines:** Verify submission deadlines for payroll, 1099s, and estimated tax payments.
- ☐ **Create a Financial Plan for 2025:** Set clear goals for tax efficiency and operational growth. Review your entity structure, plan regular check-ins with your CPA, and outline strategies for potential business expansions or shifts in your financial landscape.