



Dear Gusto Partner,

Can you feel it? No, not the essence of all things pumpkin spice burning in your nostrils. We're talking about the fevered anticipation of another year coming to an end.

While most people think about starting fresh, leaving the regrets and chaos of the last 365 days behind, you're squarely focused on preparing your clients to dot the i's and cross the t's on 2018. Right?

Now is the perfect time to remind them of all the little things they can do to get 2019 off to a great start.

Look, we're not trying to add anything to your plate. Instead, we created some handy end-of-year checklists for you and your clients. The most common end-of-year tasks are now in one place so you can quickly forward them along to your clients—while tracking what needs to be done on your end.

We hope you're as excited for end-of-year as we are. Okay, maybe "excited" isn't the right word. Eager? Euphoric? Delirious? Whatever your feelings are about end-of-year, hopefully, our checklists make things a bit easier. We're here to help.

Cheers,

The Gusto Partner Team

Pro-tip:

Send this guide to your clients with your firm's logo on the cover page.

Check out the next page for steps on how to add your logo.

How to add your logo

What you'll need

- Adobe Acrobat
- Your logo

Adding your logo

1. Open the eBook PDF in Adobe Acrobat.
2. When your file is open, select "Edit PDF" in the right-hand toolbar.
3. Select "Add Image" from the top toolbar.
4. Find your logo and select "Open".
5. Your logo will be placed on the PDF's cover. Click and drag the logo to the bottom right corner (see the placement of the *Daley & Associates* logo in the example at the right.)
6. Resize the logo so that it fits in the bottom white band by selecting a corner, holding down the Shift key, and dragging your mouse.
7. Once you've resized the logo, it should look similar to the example on the right.

Export and send to clients

1. Select "File" > "Save as".
2. Make sure the Format is set to "Adobe PDF Files".
3. Once it's saved as a PDF, it's ready to share with your clients!

Example of a co-branded guide



↑
Place your logo here

Is Your Business Ready For 2019?

 GUSTO'S YEAR-END FINANCE AND TAX CHECKLIST FOR SMALL BUSINESSES

Table of contents

How to use this guide	3
Section 1: The deadlines	4
Section 2: Put a bow on 2018	7
Section 3: Organize tax information	9
Section 4: Confirm employee data	12
Conclusion: Boom! You're ready for 2019.	15



How to use this guide

Use this guide to get ready for 2019.

Forget this year. It's all about next year. But the best way to make the most of next year is to prepare for it *now*, aka this year.

There's a couple different ways you could approach preparing: 1) Wing it; 2) Get organized. If you go with #1 and manage to have an easy 2019, we'll admit it — you're probably a genius. Or maybe just lucky?

However, if 2019 turns out to be a disaster, sure, you can just say, "Well, I didn't prepare." But that isn't going to help your business succeed, and our hunch is that is not the result you want.

That's why we created this guide. We feel like it's the nudge you need to start preparing for next year. It will give you the confidence to boldly go into a year you've never gone into before.

Using the checklists.

This guidebook discusses many of the tasks that will get your accounting, taxes, and employee data shipshape for 2019. The handy checklists we've included will help you keep track of it all.

Ready? Let's get started.

"[Checklists] provide reminders of only the most critical and important steps — the ones that even the highly skilled professional using them could miss. Good checklists are, above all, practical."

ATUL GAWANDE, AUTHOR OF "THE CHECKLIST MANIFESTO: HOW TO GET THINGS RIGHT"



Section 1: The deadlines

First things: Review 2019's deadlines.

Let's start by keeping it simple: Know what needs to be done by when.

One of the main tasks in any new year is preparing to file your tax returns. And while taxes are more of a pain than anything else, the good news is: the deadlines are clear.

So get familiar with the deadlines that apply to you. Then you can plot out the path to meeting your tax obligations, including getting all the necessary information to your accountant. Fun fact: Accountants love clients who are on top of their taxes.

"I love deadlines. I love the whooshing noise they make as they go by."

DOUGLAS ADAMS

KEY 2019 FEDERAL TAX DEADLINES ¹

January

January 15, 2019

- Estimated tax payments for the 4th quarter of 2018 are due for individuals.

January 31, 2019

- Deadline to distribute annual forms W-2 and 1099-MISC to employees and independent contractors who worked for you in 2018.
- Transmittal form for W-2s to the Social Security Administration (Form W-3 and all W-2s) is due.
- Transmittal form for 1099-MISC to the IRS (Form 1096, along with all 1099-MISC forms) is due.
- File form 941 for 4Q 2018 (the quarterly payroll tax withholding return). Or if you are an annual filer, the annual 2018 form 944 is due.
- Payment of remaining federal unemployment (FUTA) taxes and the Federal Unemployment Tax Report (Form 940) for 2018 are due.
- Deadline to distribute Form 1095-C to each of your full-time employees, if your business is an Applicable Large Employer (ALE) under the Affordable Care Act (ACA).

February

February 28, 2019

- Deadline for ALEs to file Forms 1094-C and 1095-C by paper with the IRS, under ACA.

March

March 15, 2019

- Tax returns for partnerships and S-corporations are due.

April

April 1, 2019

- Deadline to electronically file Forms 1094-C 1095-C for ALEs under the ACA.

April 15, 2019

- Tax returns for C-corporations, sole proprietors, and individuals are due.
- Estimated tax payments for the 1st quarter of 2019 are due for C-corporations and individuals.

(CONTINUED ON NEXT PAGE)

KEY 2019 FEDERAL TAX DEADLINES ¹ (CONTINUED)

May

May 15, 2019

- Tax returns for tax-exempt organizations are due

June

June 17, 2019

- Estimated tax payments for the 2nd quarter of 2019 are due for C-corporations and individuals.

September

September 16, 2019

- Extended deadline for partnerships and S-corporations to file tax returns.
- Estimated tax payments for the 3rd quarter of 2019 are due for C-corporations and individuals.

October

October 15, 2019

- Extended deadline for C-corporations, sole proprietors, and individuals to file tax returns.

November

November 15, 2019

- Extended deadline for tax-exempt organizations to file tax returns.

December

December 16, 2019

- Estimated tax payments for the 4th quarter of 2019 are due for C-Corporations.

January

January 15, 2020

- Estimated tax payments for the 4th quarter of 2019 are due for individuals.

NOTE: Deadlines for C-corporations, S-corporations, and partnerships apply to calendar year organizations unless otherwise noted.



Section 2: Put a bow on 2018

Close the books and get organized.

Yes, this guide is about getting ready for the future, but that means doing a little work in the present. There are some basic to-dos that will not only give you a good snapshot of the year you've just had, but also lay the foundation for next year.

The following checklist will help you close out 2018 and take the steps necessary to kick off 2019 right.

"It's the little details that are vital. Little things make big things happen"

JOHN WOODEN

MY 2018 END-OF-YEAR ACCOUNTING CHECKLIST

Reconcile!

For the end of the year, it's important to make sure your monthly financial statements reconcile (i.e., match up) to your cash and credit accounts, and that you make any adjustments as necessary. If you aren't sure what to do, this is a perfect excuse to get to know your trusty accountant a little better.

Review your financial statements

Now that everything's reconciled, how's your profit and loss statement look? What about your balance sheet? How's cash flow? Whatever metrics are important to your business, it's a good practice to review how you're making and spending money and the financial position of your business.

Fortunately, this can be easy if you use an online accounting solution like [Xero](#) or [FreshBooks](#); they sync directly with your bank account or credit card to help you categorize your expenses, and perform some basic financial analysis.

Collect W-9s from vendors

Did you use vendors this year? Maybe a web developer who revamped your website or a designer who whipped up a new logo? If so, you'll want to collect W-9 forms for them. The W-9 form can be used as a paper trail for the IRS to track your expenses, and it also helps the government keep track of vendors and their income.

Remember, for every vendor for whom you've paid \$600 or more for services, you're required by law to issue and complete a 1099-MISC form.² The 1099 must be filled out and submitted to the IRS by January 31st. Fortunately, [your accounting software solution](#) will likely

have a line item for all 1099 vendors and contractors. And, hey, good news: Gusto may be able to file contractor 1099s on your behalf if the contractors are paid through Gusto.

Gather and organize any necessary documentation

It's important to gather and organize your important documentation so you can share them with your accountant. Purchases or transactions from 2018 that will impact your business in 2019 and beyond (e.g., lease agreements) will likely have contracts that your accountant will want copies of on file.

Check your payroll

A few common areas to double check during end-of-year accounting include withholding taxes for [fringe benefits](#), deferred compensation, and end-of-year [bonuses](#).

Take physical inventory

For businesses that sell physical goods, getting an accurate tally of your inventory is essential. You'll want to match those numbers with your end-of-year balance sheet. It'll also be important for your accountant to know how much you've spent on inventory throughout the year and its current value. If you have an annual financial statement audit performed by an outside accounting firm, they may want to observe and test count some of the inventory themselves.



Section 3: Organize tax information

2018 was a big year in the tax world

The Tax Cuts and Jobs Act (TCJA) went into effect on January 1, 2018,³ opening up a lot of new opportunities for small businesses. The new low corporate tax rate may have spurred you into changing your entity structure. Or maybe you qualified for the 20% deduction for pass-through businesses. Maybe you took advantage of the full-expensing of fixed asset purchases.

Because it was such a big year for taxes, you probably heard from your accountant about some of these things. If you didn't, then maybe *you don't have an accountant?* If that's the case, we can recommend some that will help you get up to speed on all the tax changes.

In the meantime, below are some initial tasks to complete, as well as a few common tax areas for business owners to consider.

Over 40% of small businesses get fined an average of \$850 each year for payroll-tax related issues — the most common being missed or late payments. Gusto can help you figure out which taxes pertain to their business and take care of the complexity of filing and paying the different tax agencies for you.

MY 2018/2019 TAX CHECKLIST

Review your financial activity

Now's the time to check your income statement for any red flags so you can review them with your accountant. While you can always make adjustments in the future, take time at the end of the year while everything is still fresh.

Get organized

The IRS may audit your tax filings for up to six years from the date you submit it, so it's recommended that you keep records for at least that long. Most accounting software providers can even help you categorize your expenses automatically. Check out some of Gusto's [recommended vendors with integrations](#).

Review your payroll taxes

The end of the year is a great time to gross up any benefits for tax withholding purposes. For example, a company would like to pay \$500 bonuses to its employees, after taxes. That means calculating the "gross" bonus figures so the taxes withheld will result in a \$500 "net" bonus. Fortunately, Gusto or your accountant can help you do this.

NEW for 2019:

Every October, the Social Security Administration announces the maximum amount of earnings that are subject to Social Security tax. Make sure you're up to speed on [the new maximum for 2019](#).

By the start of the new year, every U.S. employer should:

- Adjust their payroll systems to account for that new higher taxable wage base under the Social Security payroll tax.

- Notify affected employees that more of their paychecks will be subject to Social Security withholding, and that they may wind up paying a bit more in taxes.
- Note that Gusto can automatically make these adjustments for you.

Prepare for tax deductions

Are you aware of all of the business expenses that are tax deductible? If you own an [online store](#), [brick-and-mortar shop](#), or [tech startup](#), these guides will give you a good place to start.

Or take a look at some of the common categories below. For other deductions you may be eligible for, the IRS website has more information on [credits and deductions](#).

• **Travel expenses**

Do you travel frequently for work? If so, you may be eligible to deduct the cost of the trip, including plane fare, lodging, meals, and other incidental expenses. For details, check with your accountant or check out [IRS Publication 463](#).⁴

• **Home office deduction**

Some businesses qualify for the home office deduction. The [IRS provides two methods for calculating your home office deduction](#):⁵ simplified and regular.

With the simplified option, you'll have to see if you qualify for the deduction. If you meet the two main criteria, 1) Regular and Exclusive Use and 2) Principal Place of Your Business, then your

(CONTINUED ON NEXT PAGE)

MY 2018/2019 TAX CHECKLIST (CONTINUED)

business is eligible. [The IRS website](#) has lots more information on the Home Office deduction.

- **Vehicle and mileage deduction**

For some small business owners, the IRS allows you to deduct your mileage based on two methods: actual cost or standard mileage rate.

The actual cost method requires you to keep detailed records of your business-related expenses, which is prohibitively difficult for many of us. If you choose to take the standard mileage method, the standard rate is 54.5 cents per mile for business miles driven in 2018.

In addition to mileage, you may deduct additional costs like parking fees and tolls. [IRS Publication 463⁶](#) has more information.

As always, refer to your tax specialist, accountant, lawyer, or bookkeeper for advice tailored to your and your business' specific circumstances.



Section 4: Confirm employee data

Who's on your team?

As businesses grow, it's crucial to ensure employee classifications and data are kept current. In preparation for each new year, all employee records, compensation, and benefits should be updated so that the correct tax forms can be prepared and submitted. The same goes for contractors.

Employees and contractors agree to how they will perform and be compensated for their work. Make sure to know the differences.

We put together the following checklist to help you prepare employees and contractors for EOY.

The cost of misclassification:

Government figures estimate 25–30% of all employees are misclassified as independent contractors. But intentional or not, your client's business could face serious legal and financial consequences for doing so. To confirm that you've properly classified your teams, the IRS has a Fact Sheet for understanding the difference.

MY 2018 END-OF-YEAR EMPLOYEE CHECKLIST

Verify your employee data

That means your employee's

- Full name
- Address
- Social Security number
- Then file their W-2 (Gusto can do this for you!)

It's crucial to review employee data at the end of the year, particularly names, addresses, and Social Security numbers. Improperly filing could lead to penalties for each W-2. Check with your employees to make sure their information is correct. The deadline to furnish the W-2 is January 31st.

If you're still not certain about your employee's Social Security number or just want to get it verified, the IRS provides employers with the [Social Security Number Verification Service \(SSNVS\)](#) to minimize employee name and SSN mismatches.

Good news: By using a service like Gusto, you can access all this information on a handy dashboard for employers and employees. Gusto automatically calculates and electronically files your W-2s, and you and your employees can access them anytime.

Important reminder: Don't forget to verify your employee data for both active and terminated employees.

Review and verify employee benefit information, such as:

- Retirement plan eligibility
- Health benefits (and imputed wages)
- Other benefits
- Sick time
- Vacation time
- Deferred compensation

We often set and forget employee benefits, so the end of the year is the perfect time to verify your employees' benefits information before starting a new year.

For most retirement benefit information, like [401\(k\)s](#), provide the required communications to employees. If your company matches retirement contributions, remind your employees to fully fund their plan by the year-end in order to take full advantage of the tax benefits.

For health benefits, confirm that your employees have selected and contributed to their health care plans. For employees using a [Flexible Spending Account \(FSA\)](#), remind them to spend the money before the end of the year. Lots of FSAs don't allow you to rollover unspent funds to next year (aka "use it or lose it"). Lately, more [employers have opted for a \\$500 carryover option](#),⁷ so if yours has one, remind employees of that, too.

If you've offered fringe benefits to employees, you'll want to make sure you've withheld taxes for any taxable fringe benefits your

(CONTINUED ON NEXT PAGE)

MY 2018 END-OF-YEAR EMPLOYEE CHECKLIST (CONTINUED)

employees have received throughout the year. Examples include:

- Moving expense reimbursements (starting in 2018)
- Personal use of a company car

Some of these benefits may be considered imputed wages. An imputed wage is additional income typically associated with a service. A popular form of imputed wages that requires an end-of-year adjustment is group term taxable life insurance coverage over \$50,000.

For more benefits-related information, check out [SHRM's Year-End Checklist for Retirement and Health Plan Sponsors](#).

Be sure to confirm all sick and vacation time spent by your employees. If your employee has sick pay, you'll want to make sure it's been withheld properly.

Deferred compensation, such as stock options, can also be tricky. Your employee's compensation may be taxed this year⁸ if they do not meet the valuation requirements of Section 409A. If stock options are a part of your employees' compensation packages, get with your accountant so you stay in compliance.

Verify your contractor information, including their:

- Name
- Address
- Identification number
- Then file the 1099 (Gusto can do this for you!)

To make things easy on yourself, keep all of your contractor

information in one place. Like with employees, you'll want to verify your contractor's basic information. Their ID can be a:

- Social Security Number (SSN)
- Individual Taxpayer Identification Number (ITIN)
- Adoption Taxpayer Identification Number (ATIN) or
- [Employer Identification Number \(EIN\)](#)

More good news: A service like Gusto can automatically fill out the 1099-MISC and manage your contractor information for you. As with your W-2s, Gusto can file the Federal and State 1099-MISCs and send them to your contractors. You'll have them available at all times on your dashboard.

End-of-year extras

- Get consent from your employees to receive their W-2s electronically
- Notify employees that had no withholding tax, or that [earned less than \\$54,884 that they may be eligible for the Earned Income Credit](#)
- [Grant year-end employee bonuses \(if any\)](#)
- Appreciate your team!

A great way to prepare for next year is to celebrate the successes of the current one. This is a popular time to give bonuses, throw holiday parties, and appreciate your team. If you plan on giving employees bonuses, don't forget to gross up the amounts for the taxes to be withheld, if you've promised to award an exact amount.



Conclusion: Boom! You're ready for 2019.

With a little guidance from these handy checklists, your end-of-year accounting, tax preparation, and employee data will be ready for 2019. After checking off each step, Gusto can make it even easier to follow compliance requirements by automating the most complicated and stressful tasks.

As always, we encourage you to reach out to your accountant to confirm that you've successfully wrapped up 2018 and are ready to tackle next year. Not working with an accountant yet? Check out [Gusto's Partner Directory](#) to find the right fit.

See you in 2019!

Discover how Gusto helps small businesses
with payroll, benefits, and HR.

gusto.com • (800) 936-0383



Sources

1. Source: IRS
<https://www.irs.gov/faqs/estimated-tax/individuals/individuals-2>
<https://www.irs.gov/pub/irs-pdf/p509.pdf>
2. Source: IRS
<http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Forms-and-Associated-Taxes-for-Independent-Contractors>
3. Source: CPA Practice Advisor
<https://www.cpapracticeadvisor.com/news/12388258/when-will-new-2018-tax-reform-law-take-effect>
4. Source: IRS
<https://www.irs.gov/forms-pubs/about-publication-463>
5. Source: IRS
<https://www.irs.gov/businesses/small-businesses-self-employed/simplified-option-for-home-office-deduction>
<https://www.irs.gov/businesses/small-businesses-self-employed/home-office-deduction>
6. Source: IRS
<https://www.irs.gov/forms-pubs/about-publication-463>
7. Source: SHRM
“In 2015, 60 percent of U.S. employers that offer employees health care flexible spending accounts (FSAs) stated that they opted to also provide a carryover option for employee contributions, up from 49 percent a year ago and more than double the number from 2013, according to a joint survey by WageWorks,”
<https://www.shrm.org/ResourcesAndTools/hr-topics/benefits/Pages/FSA-carryover-use.aspx>
8. Source: Section 409A
“is not operated in accordance with such requirements, all compensation deferred under the plan for the taxable year and all preceding taxable years shall be includible in gross income for the taxable year to the extent not subject to a substantial risk of forfeiture and not previously included in gross income.”
<https://www.law.cornell.edu/uscode/text/26/409A>