

Partnership Tax Planning Checklist

27 Year-End Items to Minimize Partnership and Partner-Level Tax

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*Review these 27 items before year-end to minimize partnership and partner-level tax.
Updated for the One Big Beautiful Bill Act (OBBBA) — July 2025*

Income Timing Strategies

- 1. Defer income to next year** — Can you delay invoicing for work completed in December until January?
- 2. Accelerate deductible expenses** — Prepay rent, insurance, or subscriptions before December 31
- 3. Review accounts receivable** — Write off uncollectible receivables before year-end
- 4. Evaluate cash vs. accrual timing** — Understand how your accounting method affects income recognition

Partner Distribution Planning

- 5. Review partner capital accounts** — Ensure balances support planned distributions
- 6. Plan distributions vs. guaranteed payments** — Guaranteed payments create SE tax; distributions don't (but require basis)
- 7. Document partner loans properly** — Missing documentation can recharacterize loans as distributions
- 8. Check partner basis before distributions** — Distributions exceeding basis trigger taxable gain

- 9. Review debt allocation among partners** — Recourse vs. nonrecourse debt affects partner basis differently
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Guaranteed Payment Optimization

- 10. Review guaranteed payment amounts** — Are they still reasonable for services rendered?
 - 11. Consider timing of guaranteed payments** — Payments must be "determined without regard to income"
 - 12. Document service arrangements** — Keep records supporting guaranteed payment calculations
 - 13. Evaluate SE tax impact** — Guaranteed payments subject to self-employment tax; distributions aren't
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Depreciation and Asset Planning (OBBBA Updates)

- 14. Review Section 179 opportunities** — Expense qualifying assets up to **\$2,500,000** (OBBBA increased from \$1.22M)
 - 15. Maximize 100% bonus depreciation** — OBBBA permanently restored 100% bonus for property acquired and placed in service after Jan 19, 2025
 - 16. Consider asset purchases before year-end** — Assets placed in service by 12/31 qualify for current-year deduction
 - 17. Review vehicle deductions** — Heavy vehicles (6,000+ lbs GVWR) qualify for enhanced first-year deductions
 - 18. Assess cost segregation opportunities** — Accelerate depreciation on real property; Section 179 now includes qualified improvement property
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Retirement Plan Contributions (2026 Limits)

- 19. Maximize SEP-IRA contributions** — Up to **\$72,000** or 25% of net self-employment earnings (2026)
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- 20. Review Solo 401(k) limits — \$24,500** employee deferral + employer contribution up to \$72,000 total (2026)
- 21. Consider catch-up contributions** — Age 50+: additional \$8,000; Age 60-63: additional \$11,250 (SECURE 2.0)
- 22. Verify contribution deadlines** — SEP due by extended return deadline; 401(k) employee deferrals by 12/31

QBI Deduction Planning (OBBBA Updates)

- 23. Review Qualified Business Income (QBI) deduction** — 20% deduction now **permanent** under OBBBA
- 24. Check expanded phase-out ranges** — MFJ: ~\$400,000–\$550,000; Single: ~\$200,000–\$275,000 (2026 est.)
- 25. Evaluate SSTB rules** — Phase-out range expanded by \$150K (MFJ) / \$75K (other) — more owners qualify for partial deduction

Special Allocations and Agreement Review

- 26. Review partnership agreement allocations** — Do current allocations have "substantial economic effect"?
- 27. Document any special allocations** — Special allocations must be properly documented and have economic substance

OBBBA Key Changes Summary

Item	Pre-OBBBA	OBBBA (2026+)
Section 179 limit	\$1,220,000	\$2,500,000
Section 179 phase-out	\$3,050,000	\$4,000,000
Bonus depreciation	60% (2024), phasing out	100% permanent
QBI deduction	Expiring 2025	Permanent

QBI phase-out range (MFJ)	\$100,000	\$150,000
Interest limitation (163j)	30% of EBIT	30% of EBITDA

Year-End Deadlines Reference

Action	Deadline
Asset purchases for current-year depreciation	December 31
401(k) employee deferrals	December 31
Partnership return (or extension)	March 17, 2027
SEP-IRA contributions (with extension)	September 15, 2027

Partner-Level Tax Planning Reminders

Each partner should also review their individual situation:

- Estimated tax payments for the year (avoid underpayment penalties)
- State tax obligations from partnership K-1 income
- AMT exposure from partnership preference items
- Net investment income tax (3.8%) on passive partnership income
- Self-employment tax on distributive share (for general partners)

