TaxStache New Business Tax Setup Checklist

For business owners in their first year of operations.
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This is a sequenced, phase-by-phase compliance checklist for new businesses in 2026. It is organized by timeline rather than by topic, because the order in which you complete these steps matters. Some registrations have hard deadlines. Some elections expire if you miss the window. Some obligations begin accruing before you know they exist.

Work through each phase in order. Check off items as you complete them. Flag anything that requires professional guidance before you proceed.

Important reminder: Formation with your state is the beginning of your compliance setup, not the end. The items below are what comes next.

Phase 1: Before You Open (Week 1–2)

Complete these before you make your first sale, hire your first employee, or open your business bank account.

Entity & Structure

☐ Confirm your entity type and how it will be taxed (sole proprietor, LLC, S-Corp, C-Corp). If you are unsure, resolve this before proceeding — everything below flows from this decision.

☐ If electing S-Corp status: note that Form 2553 must be filed within 75 days of formation for the election to apply to your first tax year. Calendar this immediately.

☐ Review your operating agreement or bylaws to confirm ownership structure, profit allocation, and any member restrictions that could affect S-Corp eligibility (no foreign members, no multiple classes of interest).

Federal Tax ID

☐ Apply for your EIN (Employer Identification Number) at irs.gov/ein. Free. Takes 10 minutes. Required before you open a bank account, hire anyone, or file any federal business return.

☐ Record your EIN in a secure location. You will use it on every federal form, every W-9, and every state registration that follows.

☐ If you are a sole proprietor or single-member LLC currently using your SSN for business purposes: get an EIN now and begin using it on all business documents going forward.

S-Corp Election (if applicable)

☐ File Form 2553 with the IRS if electing S-Corp status. Deadline: within 75 days of formation, or by March 15 of the tax year for existing entities.

☐ Confirm the election was received and accepted by the IRS. The IRS mails a CP261 notice confirming acceptance. Keep this on file permanently.

☐ If your state requires a separate S-Corp recognition filing, complete it. (New York, New Jersey, and a small number of other states require this. Most states follow the federal election automatically. Verify whether yours does.)

Phase 2: First 30 Days

Complete these before your first payroll run and before you make sales in new states.

State Tax Registration

☐ Register with your state's department of revenue for state income tax purposes. This is separate from your secretary of state formation filing.

☐ Identify whether your state has a minimum franchise tax or annual fee that begins accruing from your formation date (California: $800 minimum; other states vary). Calendar the payment deadline.

☐ Register for state unemployment insurance (SUTA) with your state's labor or workforce agency if you have or plan to have employees.

Sales Tax

☐ Determine whether your products or services are taxable in your home state. Not all products and services are subject to sales tax — verify before assuming.

☐ If taxable: register for a sales tax permit with your home state's department of revenue. Most permits are free or low-cost.

☐ Identify any other states where you have immediate physical nexus (employees, contractors, inventory, trade show presence). Register for sales tax in those states before making sales.

☐ Set up sales-by-state reporting in your accounting or e-commerce platform (QuickBooks, Xero, Shopify, etc.) from day one. You need this data to monitor economic nexus thresholds.

☐ Note the economic nexus threshold for your home state and your highest-volume target states (in many states, the threshold is $100,000 in sales or 200 transactions in a calendar or rolling 12-month period).

Payroll Setup (if you have employees, including yourself as S-Corp owner)

☐ Enroll in EFTPS (Electronic Federal Tax Payment System) at eftps.gov. Allow 5–7 business days for processing. You cannot make federal payroll tax deposits without this. Set it up before your first payroll.

☐ Register with your state payroll tax agency for state income tax withholding and SUTA deposits.

☐ Select a payroll cadence (weekly, bi-weekly, semi-monthly, monthly) consistent with your state's requirements and your cash flow.

☐ Choose a payroll provider or set up manual payroll processing. For most small businesses, use a payroll service. The cost ($50–$150/month) is lower than the cost of a single missed deposit penalty.

☐ Determine your federal deposit schedule. New employers are typically monthly depositors. Federal payroll taxes withheld must be deposited by the 15th of the following month.

Local Licenses and Permits

☐ Search "[your city/county] business license requirements" and go to the official government website. Identify any required general business licenses or permits.

☐ If operating from home: check whether a home occupation permit is required in your area.

☐ If operating in a regulated industry: identify any professional, industry-specific, or health and safety permits required before you open.

☐ Complete all local registrations before your first day of business operations.

Phase 3: First 90 Days

Complete these to establish your full compliance posture for year one.

Estimated Taxes

☐ Determine whether you are required to make quarterly estimated tax payments. If you expect to owe $1,000 or more in federal tax for the year, you are.

☐ Set up Form 1040-ES and calculate your estimated quarterly payments. Use the prior year safe harbor if available (100% of last year's tax liability; 110% if AGI exceeded $150,000).

☐ For first-year businesses with no prior year liability: target 90% of current year liability. When in doubt, overpay. A refund is less disruptive than a penalty.

☐ 2026 federal estimated tax deadlines:

- Q1: April 15, 2026
- Q2: June 16, 2026
- Q3: Sept. 15, 2026
- Q4: Jan. 15, 2027

☐ Set calendar reminders for each deadline now. The IRS does not send reminders.

Nexus Monitoring

☐ Pull your first sales-by-state report and review it against economic nexus thresholds for states where you have meaningful volume.

☐ If you are approaching $100,000 in sales or 200 transactions in any state: begin the registration process before you cross the threshold, not after.

☐ If you use Amazon FBA or a third-party fulfillment center: identify which states your inventory is stored in. Each is a potential physical nexus state requiring sales tax registration.

Bookkeeping and Record-Keeping

☐ Open a dedicated business bank account if you have not already. Never commingle personal and business funds. Doing so undermines your liability protection and makes bookkeeping significantly harder.

☐ Set up accounting software (QuickBooks, Wave, Xero, FreshBooks) and begin tracking income and expenses from day one, not from when it gets convenient.

☐ Establish a system for retaining business records. The IRS generally has three years from the return due date to audit. Keep records for at least four years; seven if there is any possibility of significant underreporting.

☐ Track business mileage from the first business trip. The 2026 standard mileage rate is 72.5 cents per mile for business use. Use a manual log or a mileage tracking app. Either works, but it must be contemporaneous.

Phase 4: First Year Milestones

Key deadlines and elections that arrive within your first 12 months.

Deadline	Action
Within 75 days of formation	S-Corp election (Form 2553) if applicable
April 15	Q1 estimated tax payment
June 16	Q2 estimated tax payment
Sept. 15	Q3 estimated tax payment
Jan. 15 (following year)	Q4 estimated tax payment
Jan. 31 (following year)	W-2s to employees; 1099-NECs to contractors (≥$2,000 for 2026 payments)
March 15 (following year)	S-Corp return due (Form 1120-S)
April 15 (following year)	Personal return due; any balance owed

OBBBA Opportunities for New Businesses in 2026

These provisions are worth flagging specifically for businesses starting in 2026:

☐ **§199A pass-through deduction is now permanent.** If your business is structured as an LLC or S-Corp, plan your tax strategy around a 20% qualified business income deduction with confidence. It is not expiring.

☐ **100% bonus depreciation is restored.** Equipment, vehicles, and other qualifying property placed in service after Jan. 19, 2025 can be fully expensed in the year of purchase. If your business is making equipment purchases in year one, this is a significant first-year deduction opportunity. Consult your tax advisor before purchase to confirm the property qualifies.

☐ **Section 179 limit is $2.56 million.** For businesses with large equipment purchases, the immediate expensing limit is substantially higher than in prior years.

☐ **Tips and overtime deductions apply to employees.** If your business has employees who receive tips or overtime, the new above-the-line deductions under OBBBA may affect their withholding calculations. Updated IRS withholding tables are in effect for 2026.

When to Get Professional Help

Situation	Who to Hire
Multi-state sales from day one	Sales tax professional before you open
S-Corp election with multiple members	Attorney or CPA before filing Form 2553
Employees in multiple states	Payroll professional — state rules vary significantly
Industry-specific licensing (alcohol, financial services, food)	Attorney familiar with your industry
Amazon FBA or marketplace selling	Sales tax professional — fulfillment center nexus is complex
Any question about whether a product or service is taxable	State department of revenue or tax professional

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