

Do You File Business Tax Returns Quarterly or Annually?



Small business owners discover quickly that success takes more than just a great idea. Oftentimes serving as their own HR department, they take responsibility for a variety of behind-the-scenes operations — including areas with which they may lack experience. Tax compliance is one such task and knowing what needs filing annually versus quarterly can be tricky.

Some small business owners seek assistance from an accountant or similar professional, especially in the beginning. However, that may not always be feasible or necessary. The basics of what you need to know about when to file returns is easy to understand with the right resources.

Annual income tax returns

All small businesses must file a return each year. The type of form on which to report business income tax and the date this paperwork is due varies by how the company is set up.

Note that the following sections provide traditional dates on when things are due. Regular deadlines may be extended if they fall on a weekend or holiday or if special circumstances arise. For instance, the government pushed back many filing deadlines during the COVID-19 pandemic to better accommodate filers and IRS staff.

Also, note that only the main tax form has been listed for each arrangement. Readers should not interpret this

information as implying no other paperwork is necessary for their situation. Business owners also should check their state's filing requirements and corresponding deadlines.

Sole Proprietorship

As defined by the IRS, "A [sole proprietor](#) is someone who owns an unincorporated business by himself or herself. However, if you are the sole member of a domestic limited liability company (LLC), you are not a sole proprietor if you elect to treat the LLC as a corporation."

Individuals falling into this category file Schedule C as part of their personal income tax return (1040). This form reports business profits and losses. It contains sections to figure out things such as office expenses and deductions for using your car or home for business purposes. Personal returns are due annually on April 15, oftentimes referred to as Tax Day.

Partnership

"A [partnership](#) is a relationship between two or more persons who join to carry on a trade or business, with each person contributing money, property, labor, or skill and each expecting to share in the profits and losses of the business whether or not a formal partnership agreement is made," states the IRS.

Partnerships require the annual filing of Form 1065 by March 15 (or the 15th day of the third month following the date the tax year ended, if not using a standard calendar year). Form 1065 is an informational tax form that covers things such as income, gains, losses, deductions, and credits. No taxes are calculated or paid from this form, and the partnership only submits one 1065. However, each member must complete his or her own Schedule K-1 to file with Form 1065 and to use on her personal tax return that's due April 15.

Corporation

[C Corporations](#), the most common type of corporation, complete Form 1120 each year. This paperwork reports income, gains, losses, deductions, and credits. C Corporations also use it to figure their income tax liability. Form 1120 is due on April 15 for C Corporations operating on a calendar year.

[S Corporations](#) annually need to file Form 1120S, an informational income tax return, by March 15. S Corporations also need to attach a Schedule K-1 for each shareholder. This schedule reports each shareholder's share of the business's taxable income. The shareholder then uses this information when completing his personal return that is due April 15.

Limited Liability Company (LLC)

An LLC is a special type of business structure. Per the IRS, "Depending on elections made by the LLC and the number of members, the IRS will treat an [LLC](#) as either a corporation, partnership, or as part of the LLC's owner's tax return." How your LLC is treated for tax purposes determines the appropriate tax form and the corresponding due date.

Quarterly tax obligations

If you've heard people talk about "filing quarterly taxes," you may get the impression that the forms mentioned earlier need to be completed multiple times throughout the year. This is not the case. All of those are due just once by the appropriate deadline.

Estimated payments

What does happen on a quarterly basis for some businesses is making estimated income tax payments via [Form](#)

[1040-ES](#). Self-employed sole proprietors who file Schedule C as part of their personal return need to do this to avoid potentially hefty penalties later.

Think of it this way, a company routinely withholds necessary taxes from each employee's paycheck and then issues a W-2 at the end of the year. Self-employed sole proprietors do not have someone else making these regular payments for them. They are responsible for doing this themselves. Instructions accompanying Form 1040-ES explain how to figure what is owed each time.

Quarterly estimated tax payments are due:

- April 15 (covering the first quarter)
- June 15 (covering the second quarter)
- September 15 (covering the third quarter)
- January 15 (covering the fourth quarter)

If the 15th is a Saturday, Sunday, or holiday, the IRS extends the deadline to the next business day.

Payroll taxes

Another quarterly responsibility for many businesses is filing [payroll taxes](#). The most common paperwork for payroll taxes is [Form 941: Employer's Quarterly Tax Return](#). It must be filed within one month after the end of each calendar quarter.

This translates into deadlines of:

- April 30
- July 31
- October 31
- January 31 (for the fourth quarter of the previous year)

If you have no employees, you do not need to worry about the quarterly obligation of Form 941. Many sole proprietorships and partnerships fall into that category. But if you are a corporation (or an LLC taxed as a corporation), and you are performing services for your business, you must pay yourself reasonable compensation as an employee of your business. As a result of [issuing yourself a paycheck](#), quarterly payroll tax forms will need to be filed.

For further guidance, read through this [payroll checklist](#).