

1099 Contractor & Payroll Compliance Checklist for Therapists

Designed for U.S. private practice owners hiring admin support or other clinicians

Hiring help is a big step. Use this checklist to classify workers correctly, collect the right paperwork, hit filing deadlines, and avoid penalties in 2025.

Decide: contractor or employee

- ☐ Review IRS factors: behavioral control, financial control, and relationship of the parties. When in doubt, file Form SS-8 for an IRS determination.
- ☐ Reality check: most supervised, scheduled clinicians are typically W-2 employees — not contractors. (Classification depends on facts; SS-8 guidance above applies.)

Collect the right forms (before first payment)

- ☐ Contractors (1099): Get a signed Form W-9 and keep it on file (retain for 4 years).
- ☐ Employees (W-2): Collect Form W-4, Form I-9, and any state onboarding forms.

Pay correctly

- ☐ Employees: Run payroll and withhold/submit federal and state payroll taxes; file Form 941 quarterly and Form 940 annually (FUTA).
- ☐ Contractors: Pay via ACH or check (avoid cash). Track year-to-date totals by payee.

Know your 1099 & W-2 thresholds

- ☐ Issue Form 1099-NEC if you paid \$600 or more in nonemployee compensation in 2025. (Voluntary filing allowed below \$600.)
- ☐ Heads-up: for tax year 2026, the 1099-NEC threshold is set to rise to \$2,000 (inflation-indexed thereafter). Plan systems with that in mind.

Hit your 2025/2026 deadlines

- ☐ 1099-NEC to recipients: January 31, 2026.
- ☐ 1099-NEC to IRS: February 28, 2026 (paper) or March 31, 2026 (e-file).
- ☐ W-2 to employees and SSA (for 2025 wages): Weekend shift makes the 2025 filing deadline February 2, 2026. (General rule is Jan 31.)
- ☐ Form 941 (2025): Due Apr 30, Jul 31, Oct 31, 2025 and Jan 31, 2026; 10 extra days if deposits were timely.
- ☐ Form 940 (2025 FUTA): February 2, 2026; February 10, 2026 if all FUTA deposits were on time.

File the right year-end forms

- ☐ Contractors: File 1099-NEC (Box 1) for services.
- ☐ Employees: File W-2/W-3 with SSA; deposit and report payroll per your 941 schedule.

Keep clean records

- ☐ Store W-9s, W-4s, I-9s, contracts, timesheets, payroll registers, and proof of deposits/filings.
- ☐ Reconcile payroll accounts monthly and match W-3 totals to quarterly 941s.

Common mistakes to avoid

- ☐ Treating supervised clinicians as 1099s. Use SS-8 if you're not sure.
- ☐ Missing the Jan 31 recipient deadline for 1099-NEC or the SSA W-2 deadline shift.
- ☐ Skipping 941/940 filings after hiring your first employee.

Designed for mental health professionals

- Therapists in private practice
- Psychologists
- Licensed clinical social workers
- Professional counselors
- Marriage and family therapists
- Group practices

Final reminder

Getting payroll and contractor rules right from the start saves you from expensive IRS corrections later. Take time to organize your forms, track payments, and meet each deadline — your future self (and your CPA) will thank you.

Questions? We help therapy practice owners across the country set up compliant payroll systems and manage 1099 filings without the stress.

Email: david@leichtercpa.com

Phone: (443) 934-9220

Web: leichtercpa.com

