



# Record Retention Guide

## Storing tax records: How long is enough?

April 15th has come and gone and another year of tax forms and shoeboxes full of receipts is behind us. But what should be done with those documents after your check or refund request is in the mail?

Federal law requires that you maintain copies of your tax returns and supporting documents for three (3) years. This is called the “three-year-law” and leads many people to believe that they're safe provided they retain their documents for this period of time.

However, if the IRS believes that you have significantly underreported your income (by 25 percent or more), or believes there may be indications of fraud, it may go back six years in an audit. To be safe, use the following guidelines:



**Caution:** Identity theft is a serious threat in today's world, and it is important to take every precaution to avoid it. After it is no longer necessary to retain your tax records, financial statements, or any other documents with your personal information, you must dispose of these records by shredding them and not disposing of them by merely throwing them away in the trash.

## BUSINESS RECORDS TO KEEP...

### 1 Year -

- Correspondence with Customers and Vendors
- Duplicate Deposit Slips
- Purchase Orders (other than Purchasing Department copy)
- Receiving Sheet
- Requisitions
- Stenographer's Notebooks
- Stockroom Withdrawal Forms (inventory)

### 3 Years -

- Bank Statements and Reconciliations
- Employee Personnel Records (after termination)
- Employment Applications
- Expired Insurance Policies
- General Correspondence
- Internal Audit Reports
- Internal Reports
- Petty Cash Vouchers
- Physical Inventory tags
- Savings Bond registration records of employees
- Time Cards for Hourly Employees

### 6 Years -

- Accident Reports, claims
- Accounts Payable ledgers and schedules
- Accounts Receivable ledgers and schedules
- Cancelled Checks
- Cancelled Stock and Bond Certificates
- Employment Tax Records

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- Employment Tax Records
- Expense analysis and expense distribution schedules
- Expired Contract, Leases
- Expired Option Records
- Inventories of Product, Materials, Supplies
- Invoices to Customers
- Notes Receivable ledgers, schedules
- Payroll Records and Summaries, including payment to pensioners
- Plant Cost ledgers
- Purchasing Department copies of Purchase Orders
- Sales records
- Subsidiary Ledgers
- Time Books
- Travel and Entertainment records
- Voucher register and schedules

## **FOREVER -**

While Federal guidelines do not require you to keep tax records “forever”, in many cases there will be other reasons you’ll want to retain these documents indefinitely.

- Audit Reports from CPAs/Accountants
- Cancelled checks for important payments (especially tax payments)
- Cash Books, Charts of Accounts
- Contracts, Leases currently in effect
- Corporate Documents (Corporate Book - incorporation, By laws, Minutes, etc)
- Documents substantiating fixed assets additions
- Deeds
- Depreciation Schedules
- Financial Statements (Year End)
- General and Private Ledgers, Year End Trail Balances
- Insurance Records, Current Accident Reports, Claims, Policies
- Investment Trade confirmations
- IRS Revenue Agent’s reports
- Journals
- Legal records, correspondence and other important matters
- Mortgages, Bills of Sale
- Property Appraisals by outside sources
- Property Records
- Retirement and Pension records
- Tax Returns and worksheets
- Trademark and Patent registrations

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## **PERSONAL RECORDS TO KEEP...**

### **1 Year -**

- While it’s important to keep year-end mutual fund and IRA contribution statements forever, you don’t have to save monthly and quarterly statements once the year-end statement has arrived.

### **3 Years -**

- Credit Cards Statements
- Medical Bills (in case of insurance disputes)
- Utility records
- Expired Insurance Policies

### **6 Years -**

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- Supporting documents for Tax Returns
- Accident Reports and Claims
- Medical Bills (if tax related)
- Property Records / Improvements Receipts
- Sales Receipts
- Wage Garnishments
- Other Tax Related bills

### **FOREVER -**

- CPA Audit Reports
- Legal Records
- Important Correspondence
- Income Tax Returns
- Income Tax payment checks
- Investment Trade Confirmations
- Retirement and Pension records

### **SPECIAL CIRCUMSTANCES**

- Car Records (keep until sold)
- Credit Card receipts (keep until verified on your statement)
- Insurance Policies (keep for life of policy)
- Mortgages / Deeds / Leases (keep for 6 years beyond agreement)
- Pay Stubs (keep until you receive your W-2)
- Property Records
- Sales Receipts (keep for life of warranty)
- Stock and Bond Records (keep for 6 years beyond selling)
- Warranties and Instructions (keep for the life of the product)
- Other Bills (keep until payment is verified on the next bill)
- Depreciation Schedules and Other Capital Asset Records (keep for 3 years after the tax life of the asset)