



## RECORD RETENTION GUIDE

### **STORING TAX RECORDS: HOW LONG IS LONG ENOUGH?**

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

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

### **BUSINESS DOCUMENTS TO KEEP FOR ONE YEAR**

Correspondence with Customers and Vendors

Duplicate Deposit Slips

Purchase Orders (other than Purchasing Department copy)

Receiving Sheets

Requisitions

Stenographer's Notebooks

Stockroom Withdrawal Forms

### **BUSINESS DOCUMENTS TO KEEP FOR THREE YEARS**

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

### **BUSINESS DOCUMENTS TO KEEP FOR SIX YEARS**

Accident Reports, Claims

Accounts Payable Ledgers and Schedules

Accounts Receivable Ledgers and Schedules

Bank Statements and Reconciliations  
Cancelled Checks  
Cancelled Stock and Bond Certificates  
Employment Tax Records  
Expense Analysis and Expense Distribution Schedules  
Expired Contracts, Leases  
Expired Option Records  
Inventories of Products, 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  
Vouchers for Payments to Vendors, Employees, etc.  
Voucher Register, Schedules

**BUSINESS RECORDS TO KEEP 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 (incorporation, charter, by-laws, etc.)  
Documents substantiating fixed asset additions  
Deeds  
Depreciation Schedules

Financial Statements (Year End)  
General and Private Ledgers, Year End Trial Balances  
Insurance Records, Current Accident Reports, Claims, Policies  
Investment Trade Confirmations  
IRS Revenue Agents' Reports  
Journals  
Legal Records, Correspondence and Other Important Matters  
Minute Books of Directors and Stockholders  
Mortgages, Bills of Sale  
Property Appraisals by Outside Appraisers  
Property Records  
Retirement and Pension Records  
Tax Returns and Worksheets  
Trademark and Patent Registrations

**PERSONAL DOCUMENTS TO KEEP FOR ONE YEAR**

Bank Statements  
Paycheck Stubs (reconcile with W-2)  
Canceled checks  
Monthly and quarterly mutual fund and retirement contribution statements (reconcile with year end statement)

**PERSONAL DOCUMENTS TO KEEP FOR THREE YEARS**

Credit Card Statements  
Medical Bills (in case of insurance disputes)  
Utility Records  
Expired Insurance Policies

**PERSONAL DOCUMENTS TO KEEP FOR SIX YEARS**

Supporting Documents For Tax Returns  
Accident Reports and Claims  
Medical Bills (if tax-related)  
Property Records / Improvement Receipts  
Sales Receipts

Wage Garnishments

Other Tax-Related Bills

**PERSONAL RECORDS TO KEEP 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 the car is sold)

Credit Card Receipts (keep with your credit card statement)

Insurance Policies (keep for the life of the policy)

Mortgages / Deeds / Leases (keep 6 years beyond the agreement)

Pay Stubs (keep until reconciled with your W-2)

Property Records / improvement receipts (keep until property sold)

Sales Receipts (keep for life of the 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)

**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 should dispose of these records by shredding them and not disposing of them by merely throwing them away in the trash.**