

Enrolled Agent: Licensed to represent taxpayers before the Internal Revenue Service.

How long should I keep my records?

BUSINESS

Accounting Records

Accounts payable & receivable.....7 years
Audit reports.....Permanent
Chart of accounts, general ledger.....Permanent
Depreciation schedules.....Permanent
Expense records.....7 years
Financial statements (annual).....Permanent
Fixed asset purchases.....Permanent
Inventory records.....7 years¹
Loan documents and payment schedules....7 years
Purchase orders & sales records.....7 years
Tax returns.....Permanent

Bank Records

Bank reconciliations.....2 years
Bank statements, cancelled checks.....7 years
Electronic payment records.....7 years

Corporate Records

Board minutes, Bylaws, Articles.....Permanent
Business licenses.....Permanent
Audit reports.....Permanent
Contracts—major.....Permanent
Contracts—minor.....Life + 4 years
Insurance policies.....Life + 3 years²
Leases/mortgages.....Permanent
Patents/trademarks.....Permanent
Shareholder & stock records.....Permanent

Employee Records

Benefit, pension/profit sharing plans....Permanent
Employee files (ex-employees).....7 years³
Employment applications.....3 years
Employment taxes, payroll records.....7 years
Union agreements, training manuals....Permanent

Real Property Records

Purchase and construction records.....Permanent
Leasehold improvements.....Permanent
Lease payment records.....Life + 4 years

Tax returns can generally be audited for up to three years after filing and up to six years if the IRS suspects underreported income. California statutes are 4 years and 7 years, respectively. It is wise to keep tax records at least seven years after a return is filed. Requirements for records kept electronically are the same as for paper records.

INDIVIDUAL Records

Tax returns (uncomplicated).....7 years
Tax returns (all others).....Permanent
W-2s, 1099s, etc.....7 years
Tax deduction documentation.....7 years
Bank statements, deposit slips7 years
Credit card statements.....7 years
Investment purchase, dividend reinvestment and savings bond records.....Ownership period + 7 years
Year-end brokerage and mutual fund annual statementsOwnership period + 7 years
Home and investment property purchase documents and appraisals.....Ownership period + 7 years
Home improvement receipts and cancelled checksOwnership period + 7 years
Home repair receipts and cancelled checksWarranty period for item
Retirement plan annual reports.....Permanent
IRA annual reports, Forms 8606.....Permanent
Insurance policies.....Life of policy + 3 years²
Divorce documents.....Permanent
Loans.....Term of loan + 7 years
Estate planning documents.....Permanent
Accident reports/claims (settled).....7 years
Birth/Death/Adoption/Military/Citizenship...Permanent

¹ Permanent for LIFO system.

² Check with your agent. Prior years liability varies.

³ Or statute of limitations for employee lawsuits.

These are suggested guidelines, and your individual needs may vary. In general, records which are not required for a tax return, such as utility bills and non-deductible receipts, can be disposed of after one year. Documents without identifying or confidential information can be placed in a recycle bin. Any record with any form of identifying information should be shredded (crosscut, not strip) before disposal. All old credit cards should be cut up and any credit solicitations should be shredded before disposal. Commercial services are available for disposal of large amounts of records. If you have any questions about disposing of a record, please call our office.