

Tax Records Retention Schedule

“How long should I keep this?” is a question we hear all the time from our clients and is not always easy to answer. As a general rule, records should be preserved only as long as they serve a useful purpose or until all legal requirements are met. Generally, you are required to keep records that will enable the IRS to determine your correct tax. Usually the federal statute of limitations runs out three years after a tax return is due or filed, whichever is later. However, the statute runs for six years if there is an omission from gross income of 25% or more. In the case of fraud or failure to file, there is no time limit. Each state can determine its own statute of limitations. To keep files manageable, it is a good idea to develop and use a schedule so that at the end of a specified retention period, certain records are destroyed. We offer this schedule as a starting point.

Businesses

Accounts receivable & payable ledgers	7 years
Articles & certificates of incorporation	Permanently
Appointment books	4 years
Audit reports of accountant.....	Permanently
Bank statements & reconciliations	7 years
Bylaws and charter	Permanently
Canceled checks (or images) - general.....	7 years
Canceled checks (or images) - important ones.....	Permanently
Capital stock & bond records; canceled certificates	Permanently
Cash receipts & sales journals.....	7 years
Cash disbursements & purchases journals	7 years
Contracts & leases (after termination)	20 years
Correspondence - routine (with vendors etc.).....	Optional
Correspondence - sales	4 years
Correspondence - legal & important.....	Permanently
Deeds, mortgages, bills of sale	Permanently
Depreciation schedules	Permanently
Duplicate deposit slips	4 years
Drafts paid.....	3 years
Employee personnel records (after termination).....	4 years
Employment tax records.....	4 years
Expense account analysis.....	7 years
Financial statements (annual).....	Permanently
Financial statements (monthly).....	3 years
Income tax returns & revenue agent reports.....	Permanently
Insurance - current policies, claims, accidents.....	Permanently
Insurance - expired policies	10 years
Internal audits (dependent on what is audited) ...	Varies
Inventories.....	7 years
Invoices - customers & vendors.....	7 years
Minute books - directors & stockholders	Permanently
Net operating loss carryovers, carrybacks (after use).....	7 years
Notes (cancelled)	7 years after cancellation
Pension & profit sharing information.....	Permanently
Petty cash vouchers	4 years
Property appraisals by outside appraisers.....	Permanently
Property records - costs, plans, blueprints.....	Permanently

Sales invoices.....	7 years
Sales & use tax returns	Permanently
Scrap & salvage records (after write-off).....	7 years
Stockholders' records.....	Permanently
Trademarks, patents, copyrights	Permanently
Uncollectible accounts (bad debts)	7 years

Individuals

Gift tax returns.....	Permanently
Income tax returns	Permanently
Net operating loss carryovers, carrybacks.....	Until 7 years after use
Documents supporting income & deductions.....	7 years
Depreciation schedules	Until 7 years after full disposition
IRA basis information.....	Until 7 years after account distribution
Other basis information (real estate, stocks, bonds, etc.)	Until 7 years after full disposition
Charitable contributions.....	Until 7 years after taking the deduction

This schedule is intended to be used as a guideline. Various regulatory, statutory, and industry practices may supersede these general recommendations.

For specific questions, please contact us at (719) 630-1186 or through our online secure email at our website:

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