

Do You Know How Long to Keep Your Tax Records?

Below we have compiled a small reference list for your use. Tax returns can generally be audited for up to three years after filing and up to six years if the IRS suspects underreported income. 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.

Generally, follow these recommended periods for various documents:

| Individual Records | Retention Period |
|--|---------------------------------------|
| Tax returns (uncomplicated)..... | 7 years |
| Tax returns (all others)..... | Permanent |
| W-2s..... | 7 years |
| 1099s..... | 7 years |
| Cancelled checks supporting tax deductions..... | 7 years |
| Bank deposit slips..... | 7 years |
| Bank statements..... | 7 years |
| Charitable contribution documentation..... | 7 years |
| Credit card statements..... | 7 years |
| Receipts, diaries, logs pertaining to tax return..... | 7 years |
| Investment purchase and sales slip..... | Ownership period + 7 years |
| Dividend reinvestment Records..... | Ownership period + 7 years |
| Year-end brokerage statements..... | Ownership period + 7 years |
| Mutual fund annual statements..... | Ownership period + 7 years |
| Investment property purchase documents..... | Ownership period + 7 years |
| Home purchase documents..... | Ownership period + 7 years |
| Home improvement receipts and cancelled checks..... | Ownership period + 7 years |
| Home repair receipts and cancelled checks..... | Warranty period for item |
| Retirement plan annual reports..... | Permanent |
| IRA annual reports..... | Permanent |
| IRA nondeductible contributions Form 8606..... | Permanent |
| Insurance policies..... | Life of policy + 3 years ¹ |
| Divorce documents..... | Permanent |
| Loans..... | Term of loan + 7 years |
| Estate planning documents..... | Permanent |
| Real Property Records | Retention Period |
| Construction records..... | Permanent |
| Leasehold improvements..... | Permanent |
| Lease payment records..... | Life + 4 years |
| Real estate purchases..... | Permanent |

| Business | Retention Period |
|----------------------------------|-------------------------|
| Accounts Payable..... | 7 years |
| Accounts Receivable..... | 7 years |
| Audit Reports..... | Permanent |
| Chart of Accounts..... | Permanent |
| Depreciation Schedules..... | Permanent |
| Expense Reports..... | 7 years |
| Financial Statements (annual)... | Permanent |
| Fixed Asset Purchases..... | Permanent |
| General Ledger..... | Permanent |
| Inventory Records..... | 7 years ¹ |
| Loan Payments Schedule..... | 7 years |
| Purchase Orders (1 copy)..... | 7 years |
| Sales Records..... | 7 years |
| Tax Returns..... | Permanent |

| Accounting Records | Retention Period |
|---------------------------------|-------------------------|
| Bank reconciliations..... | 2 years |
| Bank statements..... | 7 years |
| Cancelled checks..... | 7 years ² |
| Electronic payment records..... | 7 years |

| Corporate Records | Retention Period |
|--------------------------|-----------------------------|
| Board Minutes..... | Permanent |
| Bylaws..... | Permanent |
| Business licenses..... | Permanent |
| Contracts – major..... | Permanent |
| Contracts – minor..... | Life + 4 years |
| Insurance Policies..... | Life + 3 years ³ |
| Leases/mortgages..... | Permanent |
| Patents/trademarks..... | Permanent |
| Shareholder records..... | Permanent |
| Stock registers..... | Permanent |
| Stock transactions..... | Permanent |

| Employee Records | Retention Period |
|------------------------------------|-------------------------|
| Benefit plans..... | Permanent |
| Employee files (ex-employees)..... | 7 years ⁴ |
| Employee applications..... | 3 years |
| Employment taxes..... | 7 years |
| Payroll Records..... | 7 years |
| Pension/profit sharing plans..... | Permanent |

¹ Check with your agent. Liability for prior years can vary.

¹ Permanent for LIFO system.

² Permanent for real estate purchases.

³ Check with you agent. Liability for prior years can vary.

⁴ Or statute of limitations for employee lawsuits.