

HELPFUL TIME PERIODS FOR RECORD RETENTION

Tax returns can generally be audited for up to three years after filing and up to six years if 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.*

You may wish to generally follow these recommended periods for various documents:

BUSINESS

Accounting	Retention Period
Accounts payable.....	7 years
Accounts receivable.....	7 years
Audit reports.....	Permanent
Chart of Accounts.....	Permanent
Depreciation schedules.....	Permanent
Expense records.....	7 years
Financial statements (annual).....	Permanent
Fixed assets purchases.....	Permanent
Inventory records.....	7 years ¹
General ledger.....	Permanent
Loan payment schedules.....	7 years
Purchase orders (1 copy).....	7 years
Sales records.....	7 years
Tax returns.....	Permanent

Bank Records

Bank reconciliation.....	2 years
Bank statements.....	7 years
Cancelled checks.....	7 years ²
Electronic payment records.....	7 years

Corporate Records

Boards minutes.....	Permanent
Bylaws.....	Permanent
Business licenses.....	Permanent
Contracts-major.....	Life + 4 years
Contracts-minor.....	Life + 3 years
(3)	
Insurance policies.....	Permanent
Leases/Mortgages.....	Permanent
Patents/Trademarks.....	Permanent
Shareholders records.....	Permanent
Stock registers.....	Permanent
Stock transactions.....	Permanent

Employee Records

Benefit plans.....	Permanent
Employee files (ex-employees).....	7 years ⁴
Employee applications.....	3 years
Payroll records.....	7 years
Employment taxes.....	7 years
Pension/profit sharing plan.....	Permanent

Real Property Records

Construction records.....	Permanent
Leasehold improvements.....	Permanent
Lease payment records.....	Life + 4 years
Real estate purchase.....	Permanent

INDIVIDUAL

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 slips	
.....Ownership period + 7 years	
Dividend reinvestment records	
.....Ownership period + 7 years	
<u>Year-end</u> brokerage statements	
.....Ownership period + 7 years	
Mutual fund annual statements	
.....Ownership period + 7 years	
Investment property purchase	
documents.....	7 years
Home purchase documents	
.....Ownership period + 7 years	
Home improvement receipts and cancelled	
checks.....	Ownership period + 7 years
Retirement plan annual reports.....	Permanent
IRA annual reports.....	Permanent
IRA nondeductible contributions	
Form 8606.....	Permanent
Insurance policies.....	Life of policy + 3 years ³
Divorce documents.....	Permanent
Loans.....	Term of loan + 7 years
Estate planning documents.....	Permanent

¹Permanent for LIFO system

²Permanent for real estate purchase

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

⁴Or statute of limitations for employee lawsuits.