



## Document Retention

How long you need to keep tax and business records depends on the nature of the information and how you use it. Very little specific guidance is available, even from the IRS, however generally you are required to keep records until the federal and/or state statutes of limitations runs out pertaining to that document.

We offer this schedule as a starting point, be sure to consult your attorney, or any jurisdiction's regulations that your records may pertain to, before implementing a record retention policy.

### Businesses

|   |                            |
|---|----------------------------|
| Accounts receivable & payable ledgers .....                 | 7 years                    |
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| 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 payments .....        | 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 .....                                | 7 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 being audited) .....  | Varies                     |
| Inventories .....   | 7 years                    |
| Invoices—customers & vendors .....                          | 7 years                    |
| Net operating loss carryovers, carrybacks (after use) ..... | 7 years                    |
| Notes (canceled) .....                                      | 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                |
| Minute books - directors & stockholders.....                | 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     |

### Employment & Payroll

|  |  |
|--|--|
| Accident reports & claims—cases not yet settled .....                                      | Permanently  |
| Accident reports & claims—settled cases .....  | 7 years  |
| Applications, resumes,,etc. ....   | 4 years after termination                                      |
| Job advertisements, etc .....  | 2 years after interview  |
| CPE records .....  | 4 years after termination                                      |
| Documents supporting payments .....  | 7 years  |
| Employee actions (disciplinary, terminations, promotions,<br>training opportunities) ..... | 1 year   |
| Employee benefits information .....  | 7 years  |
| Employee time cards and time sheets .....  | 7 years  |
| Employment contracts .....   | 4 years after termination                                      |
| Expense reports .....  | 7 years  |
| Form W-4/WT-4 .....  | 4 years after information was<br>last used to prepare a return |
| Form I-9 (after termination) .....   | Later of 3 years after filing<br>or 1 year after termination   |
| Individual employee earnings' records .....  | 7 years  |
| Payroll Journals.....  | 7 years  |
| Payroll tax returns (monthly, quarterly, annual).....                                      | 7 years  |
| Performance evaluations .....  | 4 years after termination                                      |
| Safety records .....   | 7 years  |

### Retirement Plans

|  |             |
|--|-------------|
| Participants' accounts .....                   | Permanently |
| General ledgers and financial statements ..... | Permanently |
| Correspondence, etc .....                      | 5 years     |
| IRS approval letter .....                      | Permanently |



## Individuals

Gift tax returns ..... Permanently  
Income tax returns ..... Permanently  
Net operating loss carryovers, carrybacks .....7 years after use  
Documents supporting income & deductions ..... 7 years  
Depreciation schedules.....7 years after full disposition

IRA basis information.....7 years after account distribution  
Including all Forms 8606 & related calculations, all Forms 5498  
or similar statements with regular or Roth contributions & (in di-  
stribution years) account value, Forms 1099-R or W-2P for each  
year of distribution.

Other basis information.....7 years after full disposition

- Real estate:

- Price, closing costs, improvements
- Basis adjustments (depreciation, casualty loss deductions, etc.)
- Deferred gain from other property (like-kind exchange, etc.)

- Stocks, bonds, other securities

- Partnerships & S corps—initial investment, all K-1s, later investments, withdrawals

- Mutual funds, initial & later investments; all reinvested & nontaxable dividends

- Property received as a gift—donor’s adjusted basis, date of gift, fair market value on that date, gift tax paid by donor

Charitable contributions..... 7 years after deduction

- Carryovers

- For all monetary donations, a bank record or substantiation from the donee

- For all noncash donations, a donee receipt & record of donee name & items do-  
nated (used items must be in good condition)

- For \$250 or more (cash or noncash)—written substantiation from the donee  
with (1) donor’s name, (2) date, (3) amount, & (4) value of any goods or services  
provided or a statement that none were provided

- For noncash donations valued at more than \$5,000, a qualified appraisal

- For vehicle, boat, and aircraft donations, special rules apply—call us for information



## Websites for Reference

American Payroll Association | [www.americanpayroll.org](http://www.americanpayroll.org)

U.S. Department of Labor | [www.dol.gov](http://www.dol.gov)

Internal Revenue Service | [www.irs.gov](http://www.irs.gov)

US Citizenship and Immigration Services | [www.uscis.gov](http://www.uscis.gov)



Accounting | Analysis | Strategy | Planning