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Record Storage: How long should I keep records?

Federal law requires you to maintain copies of your tax returns and supporting documents until the period of limitation for that return runs out. The period of limitations is the period of time in which you can amend your tax return to claim a credit or refund, or that the IRS can assess additional tax. You start counting the time frame with the due date of the return or the date actually filed if after the due date. For Individuals and C Corporations, the date is April 15th or a later date if filed after April 15th. For S Corporations and Partnerships, the date is March 15th or a later date if filed after March 15th.

A taxpayer has a general period of limitations with the IRS of three years from April 15 of the filing year for Individuals and C Corporations (March 15 of the filing year for S Corporations and Partnerships) or the actual filing date if later. This is called the three-year rule and leads many people to believe they're safe provided they retain their documents for this period of time. Since the State of Ohio (as well as many other states) requires you to keep your information for four years, a four-year rule replaces the common three-year rule for most purposes.

In addition, if the IRS believes you have significantly underreported your income by 25 percent or more, it may go back six years in an audit. Thereby creating a seven-year retention timeframe to account for the states term. But if a return was required to be filed and was not filed or if fraud is involved, then IRS can come after you for as long as they wish. The following items are provided as a general guideline for you to refer to.

Caution: Identity theft is a serious threat in today's world, and it is important to take every precaution to avoid it. After it is no longer necessary to retain your tax records, financial statements, or any other documents with your personal information, you must dispose of these records by shredding them and not disposing of them by merely throwing them away in the trash. Check out the Identity Theft Protection service available on the "Links to Outside Sites" page.

Personal Documents To Keep For Four or Seven Years (see above discussion for times)

- Bank Statements
- Canceled checks
- Credit Card Statements
- Medical Bills (in case of insurance disputes)
- Expired Insurance Policies
- **Supporting** Documents For Tax Returns (may include credit card receipts for tax deducted items)
- Medical Bills (if tax-related)
- Other Tax-Related Bills

Personal Records To Keep Forever

- Accident Reports and Claims
- CPA Audit Reports
- Legal Records
- Important Correspondence
- Income Tax Returns
 - Income Tax Payment Checks
 - Investment Statements (Purchase, Reinvestments, and Sale details)
- Retirement and Pension Records
 - Wage Garnishments

Special Circumstances

- Car Records (keep until the car is sold)
- Monthly and quarterly mutual fund and retirement contribution statements (reconcile with year-end statement)
- Insurance Policies (keep for the life of the policy)
- Mortgages / Deeds / Leases (keep 6 years beyond the agreement)
- Pay Stubs (keep until reconciled with your W-2)
- Property Records / improvement receipts (keep until property sold)
- Sales Receipts (keep for life of the warranty)
- Stock and Bond Records (keep for 6 years beyond selling)
- Warranties and Instructions (keep for the life of the product)
- Other Bills (keep until payment is verified on the next bill)
- Depreciation Schedules and Other Capital Asset Records (keep for 3 years after the tax life of the asset)

Business Documents To Keep For Four or Seven Years

- Accounts Payable Ledgers and Schedules
- Accounts Receivable Ledgers and Schedules
- Bank Statements and Reconciliations
- Cancelled Checks
- Cancelled Stock and Bond Certificates
- Deposit Slips
- Employee Personnel Records (after termination)
- Employment Applications
- Employment Tax Records
- Expense Analysis and Expense Distribution Schedules
- Expired Contracts, Leases
- Expired Insurance Policies
- Expired Option Records
- General Correspondence
- Internal Audit and General Reports
- Inventories of Products, Materials, Supplies
- Invoices to Customers
- Ledgers, Registers, Schedules
- Notes Receivable Ledgers, Schedules
- Payroll Records and Summaries, including payment to pensioners
- Petty Cash Vouchers
- Purchasing Department Copies of Purchase Orders
- Sales Records
- Savings Bond Registration Records of Employees
- Time Cards For Hourly Employees
- Travel and Entertainment Records
- Vouchers for Payments to Vendors, Employees, etc.

Business Records To Keep Forever

While federal guidelines do not require you to keep tax records "forever," in many cases there will be other reasons you'll want to retain these documents indefinitely.

- Accident Reports, Claims
- Audit Reports from CPAs/Accountants
- Cancelled Checks for Important Payments (especially tax payments)
- Cash Books, Charts of Accounts
- Contracts, Leases Currently in Effect
- Corporate Documents (incorporation, charter, by-laws, etc.)
- Documents substantiating fixed asset additions
- Deeds
- Depreciation Schedules

- Financial Statements (Year End)
- General and Private Ledgers, Year End Trial Balances
- Insurance Records, Current Accident Reports, Claims, Policies
- Investment Trade Confirmations
- IRS Revenue Agents' Reports
- Journals
- Legal Records, Correspondence and Other Important Matters
- Minute Books of Directors and Stockholders
- Mortgages, Bills of Sale
- Property Appraisals by Outside Appraisers
- Property Records
- Retirement and Pension Records
- Tax Returns and Worksheets
- Trademark and Patent Registrations