

What Tax Records to Keep and for How Long

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Except in a few cases, the law does not require any specific kind of records. However, you may want to include all of these items, no matter what process of recordkeeping is chosen:

Business checkbook

Daily summary of cash receipts

Monthly summary of cash receipts

Check disbursements journal

Depreciation worksheet

Employee compensation record

Any financial statements

Also, be diligent in keeping these records as well, whether it be the original source documents OR electronic copies:

Gross receipts

Inventory

Expenses

Travel, transportation, entertainment & gift expenses

Employment taxes

Assets

Cancelled checks

The requirements for how long to keep your business records are determined by your tax situation and, potentially, any legal stipulations on the actual business (tax wise or otherwise). Here are some suggestions on how long to keep the applicable records:

Indefinite number of years

You DID NOT file a tax return

You filed a fraudulent return or inaccurate return

7 years

You filed a claim for a loss from worthless securities or a bad debt deduction

6 years

You did not report income that should have been reported and it was more than 25% of the AGI shown on the return

3 years

You owe additional tax

You filed a claim for credit or refund when you filed your return

These are the guidelines, but business owners would be wise to keep all records for as long as possible, especially for businesses that still are operating. Turn source documents into electronic files to preserve the accuracy of documents and to conserve space.

For more information, download the Internal Revenue Service guide to [Starting a Business and Keeping Records](#)(p. 11 - 23).



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