



*The path for a better business
and a better life*

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RECORD RETENTION

“How long should I keep this?” We hear this question all too often! “Was it 3 years, 7 years or one of those things to file away permanently?” Here are a few tips to assist in cleaning out your offices and storage areas.

The IRS instructs us “to keep all records for as long as you might need them.” Generally, this means you must keep records that support items shown on your tax return until the period of limitations for that return runs out. For tax returns, the statute of limitations is usually 3 years from the due date of the return or 2 years from the date the tax is paid, whichever is later. But, of course, if you fail to file your return or the IRS considers the return to be fraudulent, there is no statute of limitations!

Refer to the sample schedule of retention periods for various business records below. Again, this is a sample and by no means all-inclusive. You always want to err on the conservative side!

Seven Years

- Accident Reports
- Accounts Payable/Accounts Receivable Ledgers
- Canceled Checks (Routine)
- Contracts and Leases
- Employee Personnel Records (Terminated)
- Expense Analyses and Distribution Schedules
- Inventories
- Invoices
- Note Receivable Ledgers
- Payroll Record Summaries
- Purchase Orders
- Sales Records
- Stock and Bond Certificates (Canceled)
- Voucher Registers for Vendors and Employees

Permanent Records

- Audit Reports
- Chart of Accounts
- Canceled Checks (Important)
- Corporate Records (Stock, Board Minutes, etc.)
- Correspondence on Legal Matters
- Deeds, Mortgages, Bills of Sale
- Depreciation Schedules
- Financial Statements
- General Ledgers
- Insurance Records, Claims and Policies
- Journals
- Property Appraisals and Records