

HOW LONG DO I NEED TO KEEP MY RECORDS?

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It is once again the time of year to collect our records and prepare our tax returns. You may be asking yourself, “How long do I need to keep all these files?” IRS guidelines recommend the following:

- Individual tax returns – Individuals should maintain records pertaining to their tax return until the period of limitations expires for that return. Period of limitations for assessment of tax is three years from the date the return is filed. There is no period of limitation to assess tax when you file a fraudulent return or when you don’t file a return. If filing a claim for an overpayment resulting from a bad debt deduction of a loss from worthless securities, the time to make the claim is seven years from when the return was due.
- Property records - IRS recommends property records to be maintained until the period of limitations expires from the year in which you dispose of the property in a taxable disposition. You need these records in order to calculate your basis in computing the gain or loss from the disposal.
- Healthcare insurance - In order to show that your family maintained required minimum essential coverage, healthcare insurance records should be kept, including records of employer-provided coverage or premiums paid and type of coverage. Three years is the typical period of limitations.
- Business records – A majority of business records should be maintained for seven years. These records include, but are not limited to, the following:
 - accounts payable and accounts receivable ledgers
 - cancelled checks
 - employee personnel records
 - inventory schedules
 - invoicing to customers and invoicing from vendors
 - payroll records.

Records that should be maintained permanently include, but are not limited to, the following:

- audit reports of accountants
- capital stock and bonds records
- contracts and leases
- deeds and mortgages

- depreciation schedules
- annual financial statements
- insurance records
- directors' and stockholders' minutes
- property records
- tax returns



Specialized industries may have additional requirements for record retention, such as those organizations in healthcare or education.

If you have any questions about this or any other business or tax issue, please contact your Account Manager or [Andrea Schaefer, CPA](mailto:aschaefer@connerash.com), at (314) 205-2510 or via email at aschaefer@connerash.com.