Records Retention Guidelines For Businesses

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Here's the general rule:
Keep records for as long as the IRS might need them. This means any records that support income or deduction amounts should be kept until the period of limitations for that return runs out. The period of limitations is the time in which you can amend your return to claim a credit or refund or the IRS can assess additional tax.

Keep copies of your filed tax returns. They help in preparing future tax returns and making computations if you file an amended return.

Period of Limitations

IF you . . .	THEN the period is . . .
1. Owe additional tax and #2, 3, or 4 below do not apply to you	3 years
2. Do not report income that you should have reported and it is more than 25% of the gross income shown on the return	6 years
3. File a fraudulent return	Not limited
4. Do not file a return	Not limited
5. File a claim for credit or refund after you filed your return	Later of 3 years or 2 years after tax was paid
6. File a claim for a loss from worthless securities or a bad debt deduction	7 years

Other Rules

Employment Taxes
Keep all employment tax records for at least 4 years after the date the tax becomes due or is paid, whichever is later.

Property
Keep records relating to property until the period of limitations expires for the year in which you dispose of the property in a taxable disposition.

Even if your records are no longer needed for tax purposes, check to see if you need to keep them longer for other purposes, such as insurance or creditors.

This document is intended as a guideline and should not be relied upon as tax advice. For information about your specific situation, please contact us.