

Records Retention Guidelines For Businesses



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.

Accounts Payable & Receivable

Accounts payable ledgers and schedules	7 years
Bank statements and cancelled checks (except for taxes or important purchases)	7 years
Bank reconciliations	1 year
Cancelled checks for taxes and important purchases (property, special contracts, etc.)	Permanently
Duplicate deposit slips	1 year
Invoices to customers	7 years
Invoices from vendors	7 years
Notes receivable ledgers and schedules	7 years
Payment vouchers for employee reimbursements and vendor payments	7 years
Purchase orders	7 years
Sales records	7 years
Unclaimed checks from vendors	10 years (state laws may vary)

Payroll and HR

Payroll records and payment summaries	7 years
Time cards	3 years
Personnel records after termination	7 years
Employment applications: Current employees Rejected applicants	Permanently 1 year

Accounting Records

Accounts receivable ledgers and schedules	7 years
Books of original entry (i.e., cash receipts and disbursements including general journal entries)	Permanently
Charts of accounts	Permanently
Depreciation schedules	Permanently
Duplicate deposit slips	1 year
Expense analysis and expense distribution schedules	7 years
External audit reports	Permanently
Financial statements (annual)	Permanently
Financial statements (interim)	Optional
General and private ledgers and end of year trial balances	Permanently
Internal audit reports	7 years (unless a situation exists in which a longer retention period would be desirable)
Inventories of products, materials, and supplies	7 years
Petty cash vouchers	3 years

Business Records

Capital stock and bond records	Permanently
Contracts and leases (expired)	7 years
Contracts and leases (active)	Permanently
Correspondence (routine)	1 year
Correspondence (legal and important)	Permanently
Deeds, mortgages, and bills of sale	Permanently
Insurance policies (expired)	3 years
Insurance records, current accident reports, claims, policies, etc.	Permanently
Internal reports (miscellaneous)	3 years
Journals	Permanently
Minute books, by-laws, charter	Permanently
Property appraisals by outside appraisers	Permanently
Property records	Permanently

***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.***