

| Accounting and Fiscal                                       |                |  |                |
|---|----------------|--|----------------|
| Type of Document  | Years          | Type of Document   | Years          |
| Accounts payable ledgers                                    | 7              | Checks paid and cancelled  | 9              |
| Accounts receivable ledgers                                 | 10             | Checks payroll   | 7              |
| Balance sheets  | 5              | Donations  | 7              |
| Bank deposit records  | 6              | Expense reports employees  | 7              |
| Bank reconciliation papers and statements                   | 8              | Financial statements, certified & periodic                       | P <sup>1</sup> |
| Bills collectible   | 7              | Fixed capital records  | P <sup>1</sup> |
| Bonds sales or transfers                                    | 15             | General journal, ledger & supporting papers                      | P <sup>1</sup> |
| Bonds registered  | P <sup>1</sup> | Income tax returns   | 4 <sup>2</sup> |
| Building permits  | 20             | Inventory records  | 3              |
| Capital stock sales, certificates & ledgers                 | P <sup>1</sup> | Invoices to customers  | 7              |
| Cash books  | P <sup>1</sup> | Invoices from sellers (vendors)                                  | 7              |
| Cash receipts & disbursement records                        | 10             | Payroll register   | 7              |
| Cash sales slips  | 3              | Petty cash records   | 3              |
| Charge slips  | 10             | Profit and loss statements                                       | P <sup>1</sup> |
| Check records   | 7              | Buy/sell stock, bonds & mutual funds <sup>3</sup>                | 4 <sup>4</sup> |
| Check register, dividend, expense                           | 10             |  |                |
| Corporate   |                |  |                |
| Annual reports  | P <sup>1</sup> | Easements  | P <sup>1</sup> |
| Capital stock certificates and stock ledger                 | P <sup>1</sup> | Election ballots   | 20             |
| Charters, constitution, bylaws and amendments               | P <sup>1</sup> | Election records   | 10             |
| Contracts employee (years after termination)                | 6              | General cashbooks (treasurer and auditor)                        | 25             |
| Contracts government & labor unions (yrs after termination) | 6              | Incorporation records & certificates                             | P <sup>1</sup> |
| Contracts vendor (years after termination)                  | 6              | Licenses & permits to do business (fed, state & local)           | P <sup>1</sup> |
| Dividend checks   | 10             | Retirement plan contributions (after assets have been withdrawn) | 4              |
| Dividend register   | P <sup>1</sup> | Stock, stock transfer & stockholder records                      | P <sup>1</sup> |
| Insurance   |                |  |                |
| Accident reports  | 12             | Claims group life and hospital                                   | 4              |
| Appraisals  | P <sup>1</sup> | Claims workmen's compensation                                    | 10             |
| Claims automobile   | 10             | Expired policies all types (after expiration)                    | 3              |
| Legal   |                |  |                |
| Affidavits  | 10             | Copyrights   | P <sup>1</sup> |
| Claims & litigation of torts & breach of conduct            | P <sup>1</sup> | Mortgages  | P <sup>1</sup> |
| Personal Property   |                |  |                |
| Accident reports, injury claims & settlements               | 7              | Injury frequency charts  | 10             |
| Applications, changes, terminations                         | 3              | Insurance records (group & employee)                             | 6              |
| Attendance and time sheet records                           | 5              | Medical folders employee   | P <sup>1</sup> |
| Disability & sick benefits records                          | 4              | Payroll records after termination                                | P <sup>1</sup> |
| Earnings records  | P <sup>1</sup> | Pension plan applications, claims & correspondence               | P <sup>1</sup> |
| Employee service records                                    | P <sup>1</sup> | Salary and rate changes  | 10             |
| Employee contracts  | 7              | Withholding exemption certificates                               | 3              |
| File for individual employee                                | 3              | Workmen's compensation reports                                   | 11             |
| Garnishments  | 7              |  |                |
| Property  |                |  |                |
| Appraisals  | P <sup>1</sup> | Maintenance and repair buildings                                 | 10             |
| Damage reports  | 7              | Maintenance and repair of machinery                              | 7              |
| Deeds and titles  | P <sup>1</sup> | Equipment records & historical folders                           | P <sup>1</sup> |
| Depreciation schedules                                      | P <sup>1</sup> | Sales  | 7              |
| Inventory records   | 16             | Taxes  | P <sup>1</sup> |
| Leases  | P <sup>1</sup> | Water rights   | P <sup>1</sup> |
| Taxation  |                |  |                |
| Annuity or deferred payment plan                            | P <sup>1</sup> | Invoices to customers & from sellers (vendors)                   | 7              |
| Correspondence  | 20             | Inventory reports  | 16             |
| Depreciation schedules <sup>5</sup>                         | 7              | Real estate  | 15             |
| Dividend register   | P <sup>1</sup> | Sales & use tax records  | P <sup>1</sup> |
| Employee withholding certificates                           | 8              | Social Security  | P <sup>1</sup> |
| Exemption status  | P <sup>1</sup> | Tax bill statements  | P <sup>1</sup> |
| Excise reports  | 5              | Tax returns and working papers                                   | P <sup>1</sup> |

1 Permanent

2 Retain for at least 4 years and preferably 7 if space is not critical. Once the period has elapsed, the supporting documents may be discarded, but the returns and W-2s themselves should be retained indefinitely.

3 (also record of dividends, splits & reinvested dividends)

4 Retain for four years after the asset is sold.

5 For any rental real estate or depreciable business property you own, keep records of the property's cost, date acquired, and schedule of depreciation claimed in previous years. If the property is sold, keep the records for four years after the sale.

The *Internal Revenue Code* at Section 6001-1(e) supplies the general rule that books and records must be kept as long as the information may be material in the administration of the income tax laws. For practical purposes, this means that books and records must be kept as long as there is a possibility that a taxpayer could file an amended return or claim for refund, or the Internal Revenue Service could audit the return or assess additional tax.

Use the chart included in this brochure to check your records retention policy and ensure that your policies are in-line with IRS guidelines.

additional taxes. There may be other types of records you may need to maintain depending on the nature of your business, such as: advertising, manufacturing, sales and marketing and transportation and shipping. Clearly, the policies and procedures that you devise for your organization may require specific input.

This brochure was prepared to give you general guidelines for determining how long to maintain your important records. We will be happy to provide you further information. (05/05)

Quite frankly, the ability of the IRS to audit a return is based on various statutes of limitation. A grossly oversimplified version of the statute of limitation rules would include:

1. Generally, the IRS has three years from the date you filed your return to assess any additional taxes you owe.
2. However, if you did not report all of your income and it is more than 25% of the gross income you reported on your return, the IRS has 6 years from the filing date of the return to assess additional taxes.
3. You have 3 years from the date you filed your return or two years from the date you paid the tax, whichever is later to file a claim for credit or refund. If you filed your return prior to the due date, it is considered filed on the due date. For example, if you filed your individual income tax return on March 10, the filed date for the statute is April 15.
4. Additionally, if no return is filed or the return is false or fraudulent or if there is a willful attempt to evade tax, there is **no limitation period** on the assessment of

**Walz, Deihm, Geisenberger,  
Bucklen & Tennis, P.C.**  
2929 Lititz Pike; PO Box 5555  
Lancaster, PA 17606  
(717) 392-8200 FAX (717) 392-3080  
[www.wdgbt.com](http://www.wdgbt.com)

## How Long Should You Keep Your Records?

