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Record Retention

We are frequently asked how long tax records should be retained. Generally, you must keep the records that support income or deductions on a tax return until the statute of limitations for the return runs out.

The statute of limitations is the period of time in which you can amend your tax return or that the IRS can examine it. The period begins the date you file your tax return. If the return is filed before the due date it is treated as filed on the due date. The following guidelines are recommended by the IRS.

Generally, tax return data should be retained for 3 years from the filing date. In certain extreme instances such as when income is under reported, when a required tax return is not filed or where a fraudulent return is filed, there is no statute of limitations on document retention since the IRS can audit these returns at any time in the future.

When a tax return includes a claim for a loss from worthless securities, tax data should be retained for 7 years.

When property is involved, keep all related support documenting the purchase (and periodic improvements) until the property is sold and the return that reports the sale reaches the time frames listed above.

These are just a few general examples of common retention situations. For non-tax purposes, you should check with the relevant agency (i.e. your insurance company, the department of labor, etc.) as to retention policies. As always, we are here to assist should you have a specific question.

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Monthly Tax Tip



Effective July 1, 2008, the standard auto mileage reimbursement rate has increased from 50.5 cents to 58.5 cents per mile.



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If you use your vehicle for business and customarily take the standard mileage deduction, please note that for your 2008 tax return you will need to know how many business miles apply to 01/01/08 to 06/30/08 and how many miles apply to 07/01/08 to 12/31/08.

Our Services

Did you know that we provide accounting and bookkeeping services? By delegating the accounting to us, you can be assured that the work is done accurately and timely.

Please contact us if you would like to discuss our bookkeeping services. Contact [Jeffrey Kramer](#) or [Lester Weisman](#).

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