



Keep Good Records Now to Reduce Tax-Time Stress

You may not be thinking about your tax return right now, but December is a great time to start planning for next year. Organized records not only make preparing your return easier, but may also remind you of relevant transactions, help you prepare if you receive an IRS notice, or substantiate items on your return if you are selected for an audit.

Here are a few things that are good to know about recordkeeping.

1. In most cases, the IRS does not require you to keep records in any special manner. Generally, you should keep any and all documents that may have an impact on your federal tax return. It's a good idea to have a designated place for tax documents and receipts.

2. Individual taxpayers should usually keep the following records supporting items on their tax returns for at least three years:

- Bills
- Credit card and other receipts
- Invoices
- Mileage logs
- Canceled, imaged or substitute checks or any other proof of payment
- Any other records to support deductions or credits you claim on your return

You should normally keep records relating to property until at least three years after you sell or otherwise dispose of the property. Examples include:

- A home purchase or improvement
- Stocks and other investments
- Individual Retirement Arrangement transactions
- Rental property records

3. If you are a small business owner, you must keep all your employment tax records for at least four years after the tax becomes due or is paid, whichever is later. Examples of important documents business owners should keep include:

- Gross receipts: Cash register tapes, bank deposit slips, receipt books, invoices, credit card charge slips and Forms 1099-MISC
- Proof of purchases: Canceled checks, cash register tape receipts, credit card sales slips and invoices
- Expense documents: Canceled checks, cash register tapes, account statements, credit card sales slips, invoices and petty cash slips for small cash payments
- Documents to verify your assets: Purchase and sales invoices, real estate closing statements and canceled checks

For more information about recordkeeping, please give us a call.