

Record Retention Schedule

The 1998 IRS Reform Act shifted the burden of proof from the taxpayer to the Internal Revenue Service (IRS) in certain situations. But don't toss those records that have been taking up space in your office. The rules will not apply if you cannot come up with the proper documentation.

Here is a list of some common records and how long they should be kept. You may keep them in a computerized format, but you will need to have the means necessary to reproduce a copy when called upon.

Keep Forever

- Audit report of accountants.
- Capital stock records.
- Cancelled checks for important payments (i.e., taxes, purchases of property, contracts).
- Cash books.
- Chart of accounts.
- Contracts and leases in effect.
- Correspondence (legal and important matters only).
- Deeds, mortgages, and bills of sale.
- Depreciation schedules.
- Financial statements.
- General and private ledgers.
- Insurance records, current accident reports, claims, policies, etc.
- Journals.
- Minute books of directors and stockholders, including by-laws and charter.
- Patents and related papers.
- Property records including costs, depreciation reserves, end-of-year trial balances, depreciation schedules, blue prints and plans, and property appraisals by outside appraisers.
- Retirement and pension records.
- Tax returns and worksheets, revenue agents' reports and other documents relating to determination of income tax liability.
- Trademark registrations and copyrights.
- Training manuals.
- Union agreements.

Keep At Least 7 Years

- Accident reports and claims (settled cases).
- Accounts payable ledgers and schedules.
- Accounts receivable ledgers and schedules.
- Bank statements.
- Canceled checks.
- Contracts and leases (expired).
- Expense analyses and distribution schedules.

- Garnishments.
- Inventories (products, materials, supplies).
- Invoices to customers.
- Invoices from vendors.
- Notes receivable ledgers and schedules.
- Option records (expired).
- Payroll records and summaries, including payments to pensions.
- Personnel files (terminated).
- Plant cost ledgers.
- Purchase orders (purchasing dept. copy).
- Sales records.
- Scrap and salvage records.
- Stock and bond certificates (canceled).
- Subsidiary ledgers.
- Time books and cards.
- Voucher registers and schedules.
- Vouchers for payments to vendors, employees, etc. (includes allowances and reimbursement of employees, officers for travel and entertainment expenses).
- Withholding tax statements.

Keep For 3 Years

- Correspondence (general).
- Employment applications and personnel records (after termination).
- Insurance policies (expired).
- Internal audit reports (minimum 3 years).
- Petty cash vouchers.
- Physical inventory tags.
- Sales commission reports.

Keep For 1 Year

- Bank reconciliations and deposit slips.
- Correspondence (routing) with customers or vendors.
- Purchase orders (except purchasing dept. copy).
- Receiving sheets.
- Requisitions.
- Stockroom withdrawal forms.