

The Importance Of Record Keeping

Why should I keep records?

Good records will help you monitor the progress of your business, prepare your financial statements, identify sources of income, keep track of deductible expenses, keep track of your basis in property, prepare your tax returns, and support items reported on your tax returns.

How long should I keep records?

The length of time you should keep a document depends on the action, expense, or event the document records. You must keep your records as long as needed to prove the income or deductions on a tax return.

How should I record my business transactions?

Purchases, sales, payroll, and other transactions you have in your business generate supporting documents. These documents contain information you need to record in your books.

What is the burden of proof?

The responsibility to substantiate entries, deductions, and statements made on your tax returns is known as the burden of proof. You must be able to prove certain elements of expenses to deduct them.

How long should I keep employment tax records?

Keep all records of employment taxes for at least **four** years

Support items reported on your tax returns

You must keep your business records available at all times for inspection by the IRS. If the IRS examines any of your tax returns, you may be asked to explain the items reported. A complete set of records will speed up the examination.

You need help? We are a phone call away!