

TAX YEAR
2026

Recordkeeping for Tax Purposes



Please pass this along to anyone interested
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Recordkeeping for Tax Purposes

Which records should you keep? You should keep information that you and the IRS need to determine your correct tax. Everyone should keep the following records.

Copies of tax returns. Keep copies of your tax returns as part of your tax records.

- Your tax returns can help you prepare future returns and amended returns.
- After you die, copies of your tax returns and other records can be helpful to your survivors or the executor or administrator of your estate.

Proof of income and expenses. Listed below are examples of income and expense documents you should keep. The list is not all inclusive.

Income	• Forms W-2, 1099, and Schedules K-1 • Bank and brokerage statements • Business and hobby income records • Records relating to sale of business property
Expenses	• Sales slips, invoices, receipts • Cancelled checks or other proof of payment
Deductions	• Medical expenses • Real estate tax records • Mortgage interest
Donations	• Details of cash and noncash contributions • Written communications from qualified charities
Your Home	• Closing statements, including any refinance documents • Purchase and sales invoices • Receipts for improvements • Insurance records
Investments	• Brokerage statements • Form(s) 1099 and 2439 • Mutual fund statements • Other basis documentation
IRAs	• Forms 1099-R, 5498, and 8606 for each year.

Records for Special Situations

Some items require specific records, in addition to the basic records of income and expenses.

- ***Alimony.*** If you pay or receive alimony, keep a copy of your written separation agreement or the divorce, separate maintenance, or support decree.
- ***Business use of your home.*** Keep records that show which part of your home is used for business and the expenses related to that use. Child care providers should also keep track of hours open for business, as well as hours spent in preparation and clean up.
- ***Gambling.*** Keep an accurate diary of winnings and losses. Required information includes:
  - Date and type of gambling activity.
  - Gambling establishment name and address, and names of persons present with you.
  - Amount you won or lost.
- ***Tax credits.*** Each tax credit includes special recordkeeping requirements. Examples include:
  - Provider's name, address, and taxpayer ID number for the Child and Dependent Care Credit.
  - Physician's certification for the Credit for the Elderly or the Disabled.
  - School records for the education credits.
- ***Vehicle records.*** If you use your own car for business, medical transportation, or qualifying volunteer work, keep a mileage log that includes the date, destination, and purpose of each trip. You also need to know how many miles you drove for other purposes, such as commuting and personal use. Your vehicle records should include purchase or lease papers and loan records. You may receive a larger deduction if you keep records of gas purchases, maintenance costs, etc., in addition to mileage.



Recordkeeping for Tax Purposes

What is Proof of Payment?

The records you keep provide the documentation to support the deductions and expenses claimed on your tax return. You must always keep documentation of the reason for the payment. Other documents, such as statements and receipts, will help establish that the item is allowable on your tax return.

If You Pay With	Then the Statement Must Show
Cash	Amount, payee's name, transaction date
Check	Check number, amount, payee's name, date the check was posted to your account
Debit or Credit Card	Amount charged, payee's name, transaction date
Electronic Funds Transfer	Amount transferred, payee's name, date, the transfer was posted to your account
Payroll Deduction	Amount, payee code, transaction date

- ***Account statements.*** Account statements from your financial institution are acceptable as proof if they provide the information shown above.
- ***Pay statements.*** You may have deductible expenses withheld from your wages, such as medical insurance premiums and charitable contributions. Keep year-end or final pay statements to prove payment of these items.
- ***Mortgage interest.*** Form 1098, *Mortgage Interest Statement,* documents mortgage interest you paid. Be sure to verify that the amount is correct.

How Long Should You Keep Tax Records?

The IRS states you must keep your records for as long as they may be needed for the administration of any provision of the Internal Revenue Code, which means you must keep records of items shown on your return until the statute of limitations for that return expires. The statute of limitations is the time during which you can amend your return, claim a credit, or be assessed additional tax by the IRS. The chart next column lists some general guidelines.

Asset Records

Keep records of acquisition date and cost basis for each business or investment asset until the period of limitations expires for the year in which you dispose of the asset. For example, suppose you sold a piece of business equipment in 2022 and you meet condition (1) below. You must then keep records of that asset until at least April 18, 2026 (three years after the due date for your 2022 tax return).

Statute of Limitations	
If you ….	***Then the statute of limitations is:***
1) Owe additional tax, and conditions 2, 3, and 4, below, do not apply to you	3 years after the return is filed.*
2) Omit income that is more than 25% of gross income on your return	6 years after the return is filed.*
3) File a fraudulent return	Unlimited.
4) Do not file a return	Unlimited.
5) File a claim for credit or refund after filing* an original return	Later of 3 years after the return is filed, or 2 years after tax was paid.
6) File a claim for loss from worthless securities	7 years after the return is filed.*
* A return filed early is treated as being filed on the due date.	

Electronic Records

Paper records take up a lot of space, and they can fade or be damaged. Many people prefer to keep electronic records instead of paper records.

All requirements that apply to hard copy records apply to electronic records, including record retention periods. If you scan or otherwise transfer your tax records to an electronic format, you must be able to store, preserve, retrieve, and reproduce the records in a legible, readable format. Remember to back up electronic records and store in a secure location.

Penalties

If you cannot substantiate certain items on your return with proof, the IRS may disallow those items, resulting in additional tax due. As a result, you may be subject to accuracy-related penalties due to negligence or substantial underpayment of tax.

Contact Us

There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

- Pension or IRA distributions.
- Significant change in income or deductions.
- Job change.
- Marriage.
- Attainment of age 59½ or 73.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of $5,000.

This brochure contains general information for taxpayers and should not be relied upon as the only source of authority. Taxpayers should seek professional tax advice for more information.

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