

The Record Retention Guide

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The Record Retention Guide

Introduction

Businesses must maintain book and records so that an accounting of the business activities may be performed. Whether it be for an audited financial report, a compilation, a review, a tax return, or a specific management report, businesses must gather, summarize and analyze facts and figures to support reports, tax returns and conclusions. After the report is issued and/or the tax return is filed, the next important question is just how long must these business records be retained.

The following pages offer some guidance by providing a suggested time-frame to maintain records. It has been assimilated from several sources, including the basic IRS Regulation – 26 CFR 1.6001-1, The Guide of Record Retention Requirements in the Code of Federal Regulations, as well as by reviewing and analyzing numerous record retention schedules.

Before finalizing an entity's record retention procedures, it is recommended that the IRS regulations, state and local government retention requirements and the AICPA's Filing and Record Retention Procedures Guide be reviewed.

Please note: The suggested retention periods shown are not offered as final authority, but as guideposts against which to compare your needs. There may be several situations, for historical or reference purposes, for example, that necessitate longer periods than legally required.

In addition, many specific industries require retention periods that are different than rated here for specific terms. In most cases, the period of retention listed in this guide provides a more conservative retention period.

Additionally, in all circumstances, be aware that the Materiality Rule under Treas. Reg. 1.6001-1, governs that all books and records must be maintained so long as they remain material in the computation of any tax.

Finally, if you are subject to the new rules promulgated by The Sarbanes-Oxley Act, SEC17CFR, pay careful attention to section 210.2-06 which requires that work papers and other documents that form the basis of an audit or review, including memos, correspondence and e-mail which contains opinions, analysis or financial data, including those that are inconsistent with the auditor's final opinion, be retained for a period of 7 years.

The reader should consult with more authoritative guidance when specific questions need answering.

Note: Please keep in mind that documentation may include all electronic files and memos. This can include, but is not limited to such items as emails, tax software files, general ledger files, “.pdf” files or any other form of information retention that is created and/or store electronically.

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Record Retention Guide for Business

ACCOUNTING SYSTEMS	SUGGESTED RETENTION PERIOD
Accounts Payable Ledger	7
Accounts Receivable Aging Reports	7
Accounts Receivable Ledger	7
Accounts Receivable Invoices	7
Accounts Written-off	7
Authorization – Accounting	5
Balance Sheets	P
Bank Reconciliations	7
Bank Statements	7
Bank Deposit Slips	3
Budgets	3
Canceled Checks	10
Cancelled Dividend Checks	P
Cash Book	P
Cash Disbursement & Receipt Record	P
Cash Sales Slips	7
Charge Slips	7
Charts of Accounts	P
Check Register	P
Expense Reports	7
Financial Statements	P
General Ledger	P
Investment-Sales/Purchases	P
Journal Entries	P
Petty Cash Records	7
Profit/Loss Statements	P
Purchase Order	7
Subsidiary Ledger	P
Trial Balance	P
Vendor Invoices	7
Voucher Check Copies	7
CORPORATE RECORDS	SUGGESTED RETENTION PERIOD
Amendments	P
Annual Reports	P
Articles of Incorporation	P
Audit Reports – Public	P
Audit – Internal	6
Board of Directors – Committee	P
Board of Directors – Minute Book	P
Bylaws	P
Capital Stock Certificates	P

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CORPORATE RECORDS (continued)

SUGGESTED RETENTION PERIOD

Capital Stock Ledger	P
Capital Stock Transactions	P
Charter	P
Contracts – After Termination	P
Contributions	7
Correspondence – Accounting	5
Correspondence – General	P
Dividend Register & Cancelled Dividend Checks	P/15
Election Records	P
Financial Statements	P
Organizational Charts	P
Partnership Agreement	P
Stock Transfer Records	P
Stockholders – Minute Book	P

FIXED ASSETS

SUGGESTED RETENTION PERIOD

Depreciation Schedule	P/148 & 155
Inventory Records	P
Plans & Blueprints	P/148
Plant Cost Ledger	P/148
Property Appraisals	P/148
Property Register	P/148
Records for Property Subject to Depletion	P/152

ACCOUNTING FIRMS

SUGGESTED RETENTION PERIOD

Tax Return Preparers	4/157
Tax Returns Prepared	4/158

HUMAN RESOURCES

SUGGESTED RETENTION PERIOD

Accident Report – Settled	7
Attendance Records	7
Dental Benefits	5
Disability Benefits – After Expiration/Settlement	7
Employee Medical History	7
Employment Application – Not Hired	3
Garnishments	5
Life Insurance Benefits	5
Medical Benefits	7
Pension Plan Agreement	P
Performance Record – After Termination	7
Personnel File – After Termination	7
Personnel Files – Current Employees	P
Profit Sharing Agreement	P
Safety Reports	5/193

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HUMAN RESOURCES (continued)

SUGGESTED RETENTION PERIOD

Vacation Files	4/158
Workers Compensation Benefits	10
Sick Pay	4/158
Family & Medical Leave	3/189-190

INSURANCE

SUGGESTED RETENTION PERIOD

Automobile Insurance Claims	10
Disability Insurance Claims-After Termination	7
Expired Insurance Policies	10
Fire Inspection Reports	6
Insurance Appraisals	6
Safety Records	6
Foreign Insurance Policies	3/163

LEGAL

SUGGESTED RETENTION PERIOD

Bill of Sale	P
Business Permits	P
Claims & Litigation Concerning Torts & Breach of Contract	P
Contracts – Employees	P
Contracts – Government	P
Contracts – Labor Union	P
Contracts – Special	P
Copyrights	P
Correspondence – Legal	P
Deeds/Titles	P
Leases/Canceled	10
Licenses	P
Mortgages	P
Notes Receivable – Canceled	10
Patents	P
Stock & Bond Record	P
Trademarks – Registered	P/149

PAYROLL

SUGGESTED RETENTION PERIOD

Contractors	3 years fr. date of completion of contract/385 & 182
Checks – Payroll	7
Commission Reports – Salesperson	6
Employee Withholding Exemption Certificates	10
Payroll Register	4/158
Payroll Records – After Termination	10
Salary History	8
Time Reports	7

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PAYROLL (continued)

SUGGESTED RETENTION PERIOD

W-2 Forms	P
Vacation/Sick Pay	4/158
Large Food/Beverage Establishment Reporting Tips	3/159
Employee Tip Substantiation	3/***/160

SECURITY

SUGGESTED RETENTION PERIOD

Classified Material Violations	P
Visitor Clearance	2

TAXATION

SUGGESTED RETENTION PERIOD

Tax Free Reorganization	P
338 Election	7 years/150
Canceled Checks – Tax Payments	P
Correspondence – Tax	P
Depreciation Schedules	P
Income Tax Returns	P
Inventory Reports	P
FUTA/FICA/Income Tax Withholding	4
Payroll Tax Returns	P
Revenue Agent Reports	P
Sales Tax Returns	P
NOL Company	**
AMT NOL Company	**
Transfer Pricing	4/155

MISCELLANEOUS

SUGGESTED RETENTION PERIOD

Receiving Documents	10
Title Papers	P
Vehicle Operating & Maintenance	2
Telecommunication Copies	1
Prepaid Dues Income	4/151
Financial Institution Loan Loss Reserves	P/151
Mutual Savings Bank Bad Debt Reserve	P/151

INDIVIDUAL RECORDS

SUGGESTED RETENTION PERIOD

Tax Return Copies	P
Medical Receipts	7
Forms 1099 Received	7
Forms W2 Received	P
401 K/Keough Statements	7*
IRS Statements (deductible & nondeductible)	7/P
Loan Records/Forms 1098	7*
Annuity Year End Statements	7*

INDIVIDUAL RECORDS (continued)	SUGGESTED RETENTION PERIOD
Insurance Policies – Life	P
Insurance Policies – Other	7
Major Purchase Receipts	7
Year-end Brokerage Statements/Trade Confirmations	7*
Certificates of Deposit Statements	7
Schedule K-1's from Partnership or S Corporation	7*
House Records (cancelled checks for purchase of Major improvements & maintenance	P
Birth & Death Certificates	P
Medical Records	P
Wills	P
Trust Agreements	P
Detailed List of Financial Assets Held	P
Alimony, Custody or Prenuptial Agreements	P
Military Papers	P
Photos or Videotape of Valuables	P

P = Permanent records

Numeric = Suggested retention period in years.

Character/Numeric = First character is record retention period. Number is reference to page number in **Record Retention Requirements**.

*7 years following disposition, termination or payoff

** Maintain permanent records of all facts necessary for the first taxable year and each succeeding year in which there is a NOL or NOL Carryover. This includes records necessary to determine the identity of 5% shareholders, the percentage of it stock owned by each 5% shareholder and whether IRC Section 382 is applicable.

*** As long as the contents there-of may become material in the administration of any Internal Revenue Law.