

Keeping Good Records Reduces Stress at Tax Time



Nicholas Libock
September 2010

You may not be thinking about your tax return right now, but summer is a great time to start planning for next year and to make sure your records are organized. Maintaining good records now can make filing your return a lot easier and it will help you remember transactions you made during the year.

Here are a few things the IRS wants you to know about recordkeeping.

Keeping well-organized records also ensures you can answer questions if your return is selected for examination or prepare a response if you receive an IRS notice. In most cases, the IRS does not require you to keep records in any special manner. Generally speaking, you should keep any and all documents that may have an impact on your federal tax return.

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

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, check out IRS Publications 552, Recordkeeping for Individuals, 583, Starting a Business and Keeping Records, and Publication 463, Travel, Entertainment, Gift, and Car Expenses. These publications are available at IRS.gov or by calling 800-TAX-FORM (800-829-3676). Or visit www.LibockandAssoc.com and contact us for more info.

Nicholas S. Libock

Managing Member

LIBOCK & ASSOCIATES LLC

1225 Franklin Avenue, Suite 325

Garden City, NY 11530

Phone: 516.992.3460

Fax: 516.619.0444

Website: www.LibockandAssoc.com

E-mail: NLibock@LibockandAssoc.com