

Solid State Tax Service, LLC  
2180 SE Oak Grove Blvd  
503.482.2051 Text  
503.908.0090 Landline  
hello@solidstatetax.com  
solidstatetax.com

# Retention Guide

---

**Question:** How long should you keep your records?

**Answer:** As long as you might need them to support inquiries by tax authorities, insurance companies, creditors, or other interested parties.

Federal law requires you to maintain all of your records for *at least* three (3) full years after the close of a tax year. That time frame extends for any of the following circumstances:

- If you did not report income and it amounts to 25% or more of your gross income, then you need to keep your records for a full six (6) years after the close of the tax year.
- If you filed a claim for a credit or refund or a prior tax year, then you need to keep your records for three (3) years from the date you filed the original return or two (2) years from the date of the amended return, whichever is later.
- If you file a claim for a loss for a worthless security or bad debt deduction, then you need to keep your records for a full seven (7) years.
- If you did not file a return or you filed a fraudulent return, then you need to keep your records indefinitely.
- Finally, you need to keep all employment records for at least four (4) years after taxes become due or are paid, whichever is later.

It's not enough to keep copies of your tax filings. You need to maintain an orderly file of all of the supporting documentation to justify the numbers you report.

**Based on industry best practices, here are our recommendations for record retention:**

Accident reports/claims (settled cases) - 7 years  
Accounts payable ledgers and schedules - 7 years  
Accounts receivable ledgers and schedules - 7 years  
Audit reports - Permanently  
Bank reconciliations - 3 years  
Bank statements - 7 years  
Chart of accounts - Permanently  
Cancelled checks• General - • 7 years  
• Important payments - • Permanently  
Contracts, mortgages, notes, and leases• Expired - • 7 years  
• Still in effect - • Permanently  
Corporate documents (incorporation, charter, by-laws, etc.) - Permanently  
Correspondence• General - • 3 years  
• Legal and important matters - • Permanently  
• Routine with customers and/or vendors - • 2 years  
Deeds, mortgages, and bills of sale - Permanently  
Depreciation schedules - Permanently  
Duplicate deposit slips - 3 years  
Employment applications - 3 years  
Employment tax records - 7 years  
Expense analyses/expense distribution schedule - 7 years  
Financial statements:• Year-end - • Permanently  
• Other - • Optional  
Garnishments - 7 years  
General ledgers/year-end trial balance - Permanently  
Insurance policies (expired) - 3 years  
Insurance records (policies, claims, etc.) - Permanently  
Internal audit reports - 3 years  
Internal reports - 3 years  
Inventories of products, materials, and supplies - 7 years  
Invoices to customers or from vendors) - 7 years  
Journals - Permanently  
Minutes from board and stockholder meetings - Permanently  
Notes receivable ledgers and schedules - 7 years  
Payroll records and summaries (including payments to pensioners) - 7 years  
Personnel records (terminated) - 7 years  
Petty cash vouchers - 3 years  
Physical inventory tags - 3 years  
Plant cost ledgers - 7 years

Property records (including depreciation schedules) - Permanently  
Purchase orders• Purchasing department copy - • 7 years  
• Other copies - • 1 year  
Receiving sheets - 1 year  
Retirement and pension records - Permanently  
Requisitions - 1 year  
Sales records - 7 years  
Stenographer's Notebooks - 1 year  
Stockroom Withdrawal Forms - 1 year  
Subsidiary ledgers - 7 years  
Tax returns and worksheets, examination reports, and other documents  
related to determination of income tax liability - Permanently  
Timesheets - 7 years  
Trademark registrations and copyrights - Permanently  
Travel and entertainment records - 7 years  
Voucher register and schedules - 7 years  
Withholding tax statements - 7 years