HANCOCK & DANA

Record Retention Policy

Our office frequently receives phone calls from clients asking the question, “How long should I keep copies of my tax returns?” If you have ever contemplated shredding old tax returns or other documents, but were unsure how long you were required to keep these documents, then you will find this list helpful. The list below provides the general guidance about how long some of the more common documents should be retained by individuals and businesses.

Keep Permanently

- Income tax returns
- Sales tax returns
- Payroll tax returns
- General ledger
- Basis information on assets you still own (purchase records, invoices. etc.)
- Depreciation schedules
- Supporting documents for tax returns with attributes that carry forward to another tax return (i.e. NOL, suspended losses, research & development credit, etc.)

Keep for 7 years

- Supporting documents for tax returns
- Employee payroll data
- Daily cash reports and bank deposit slips
- Sales invoices to customers
- Bank statements and cancelled checks
- Check registers
- Credit card statements
- Documents in support of assets sold (keep for 7 years after the sale of the asset)

Keep for 4 years

- Employment tax records for employees (keep for 4 years after the date the tax is due or paid)
- Payroll tax records (including wages, payment dates, and employee data including names, social security numbers, addresses and W-4 forms, as well as amounts and dates of deposits).

Keep for 3 years

- Copies of worker health coverage forms (1094 and 1095 forms used to report employee health coverage)

Please be aware that the legal requirements for retaining certain documents can vary by state. Consult your legal counsel if you are in question about retention requirements of specific documents. If you have any questions on whether records should be kept or you have a unique situation, please feel free to give us a call.

Sincerely,
Hancock & Dana, P.C.