Record Retention

The following chart provides a general guideline for the retention of many records but does not represent a legal document. Specific holding periods for any record retention policy should be given careful scrutiny by management and legal advisors in light of any pending investigations, regulated industry requirements or contract covenants. Additionally, each business should consider any industry standards which may affect the holding period of records.

Please note that the holding periods specified are number of years from the later of the tax return due date or the filing date unless indicated otherwise.

Accounting Records

Auditors' report and annual financial statements	Permanently
Bank statements and deposit slips	6 years
Bank reconciliations	3 years
Cancelled checks:	
Fixed assets	Permanently
General	6 years
Payroll	6 years
Taxes (payroll related)	6 years
Taxes (income)	Permanently
Construction documents	Permanently
Deeds, mortgages, bills of sale	Permanently
Electronic payment records	6 years
Employee expense reports	6 years
Fixed asset records (invoice, cancelled check, depreciation record)	Permanently
Freight bills and bills of lading	3 years
General journals	Permanently
General ledger	Permanently
Inventory listings and tags	3 years
Invoices:	
Sales to customers and credit memos	6 years
Loan documents, notes	Permanently
Patent/Trademark and related papers	Permanently
Payroll journal	4 years
Production and sales reports	6 years
Purchase journal	Permanently
Purchase orders	3 years
Purchases	6 years
Sales or work orders	6 years
Subsidiary ledgers (accounts receivable, accounts payable, equipment)	6 years
Time cards and daily time reports	3 years
Training manuals	5 years
Trial balance – year end	Permanently

Insurance Records

Accident reports and claims	6 years after settlement
Fire inspection and safety reports	6 years
Insurance policies	3 years after expiration

Corporate Documents

Articles of Incorporation and bylaws	Permanently*
Contracts and leases	Permanently*
Legal correspondence	Permanently*
Minutes	Permanently*
Stock certificates and ledgers	Permanently*

** In case of liquidation, these should be kept until 7 years after such event.*

Tax Records

Payroll tax returns	4 years
Pension/profit sharing information returns	Permanently
Sales and use tax returns	Permanently
Tax returns, cancelled checks for tax payments, and revenue agent reports	Permanently

Personnel Records

Child labor certificates and notices	3 years
Employment applications	2 years
Employment eligibility verification (I-9 form)	3 years**
Help wanted ads and job opening notices	1 year
Personnel files (from date of termination)	7 years
Records of job injuries causing loss of work	5 years
Union agreements and individual employee contracts (from date of termination)	3 years

*** I-9 Forms should be kept for the longer of 3 years from hire date or 1 year from termination date.*

Employee Benefit Plans

Pension and profit sharing plans:	
Actuarial reports	6 years
Allocation and compliance testing	6 years
Brokerage/trustee statements supporting investments	6 years
Determination letter-IRS	Permanently
Financial statements	Permanently
General ledger and journals	Permanently
Information returns (Form 5500)	Permanently
Internal Revenue Service correspondence	Permanently
Participant communications related to termination, etc.	6 years
Plan and trust agreements	Permanently
OSHA logs	5 years

Paperless Record Keeping

The following is a general guideline for paperless record keeping requirements, but does not constitute a legal document. For a comprehensive explanation, we advise you to refer to provision including, but not limited to Rev. Proc. 98-25, Rev. Proc. 97-22 and Rev. Rul. 71-20. Please note that all provisions are subject to updates and it is management's responsibility to stay current.

Computerized Records

Computer records are not a substitute for the underlying supporting paper documents for tax purposes. Rather, they reflect a separate category of records that must be preserved. The current guidelines in Rev. Proc. 98-25 are sweeping in scope and apply to:

1. All kinds of data processing systems (e.g., personal computers, database management systems and systems using electronic data interchange technology)

2. All accounting and financial systems that process all or part of taxpayer's transactions, records or data other than by manual methods. The rules apply even if the taxpayer uses a service bureau or time-sharing network

3. Data in electronic format that is intended for use by a computer, not including paper records that have been converted to an electronic storage medium such as microfilm, microfiche, optical disk or laser disk

Taxpayers with business assets exceeding $10 million at year-end must comply with both Rev. Proc. 98-25 and Rev. Rul. 71-20.

Taxpayers with assets of less than $10 million need only comply with Rev. Rul. 71-20, unless any of the following conditions exist:

1. Information required by the tax law is not kept in hard-copy form but is kept only as computerized records

2. Computerized records used for computations cannot be reasonably verified or recomputed without using a computer

3. The IRS notifies the taxpayer that computerized records must be retained to meet the requirements of the tax law (§6001 and relevant regulation codes)

Electronic Records

Rev. Proc. 97-22 allows taxpayers to maintain records using an electronic storage system such as an optical disk.

An electronic storage system must ensure an accurate and complete transfer of the hardcopy or computerized books and records to an electronic storage medium and must index, store, preserve, retrieve and reproduce the electronically stored books and records.

Computerized records are subject to other provisions including those stated in Rev. Proc. 98-25.