

## Record Keeping tips for Businesses

What documents should be kept and which should be destroyed?

According to QBalance.com (a certified QuickBooks ProAdvisor) businesses should be conservative and keep documents a minimum of 7 years if the document supports a deduction on a tax return. If the outlay or deposit of cash resulted from acquiring or selling an asset, keep the documentation for 7 years after the sale of the asset.

Keep tax returns permanently (except payroll returns may be discarded after 7 years after the expense was reported). Keep all personnel records as per schedule below and keep year end financials and general ledger and year end inventory reports permanently. Save anything that may be needed to prove cost-basis for an investment when it is eventually sold. Of course, **be sure to shred everything** that is discarded. Here are some basic guidelines for business record keeping.

Keep Indefinitely:	<ul style="list-style-type: none"> <li>• Income tax returns, payments and checks</li> <li>• Investment trade confirmations</li> <li>• Important correspondence</li> <li>• Legal records</li> <li>• CPA audit reports</li> <li>• Annual financial statements and books of account</li> <li>• Corporate documents (incorporation, charter, by-laws, etc.)</li> <li>• Licenses, patents and trademarks / registration packets</li> <li>• Fixed asset additions</li> <li>• 401k/Pension/IRA records</li> </ul>
Keep at least 6 years	<ul style="list-style-type: none"> <li>• Bank reconciliation and cancelled checks</li> <li>• Cancelled payroll and dividend checks</li> <li>• Personnel and payroll records</li> <li>• Purchase records</li> <li>• Sales records</li> <li>• Travel and entertainment records</li> <li>• Supporting documents for tax returns</li> <li>• Property records / improvement receipts (if tax-related)</li> <li>• Sales receipts</li> <li>• Utility records (if tax-related)</li> </ul>
Keep at least 3 years	<ul style="list-style-type: none"> <li>• Anything that needed to back up an income tax return (i.e. W-2s, 1099s, receipts, or investment statements).</li> <li>• Monthly financial statements</li> <li>• Credit card statements (for internal use)</li> <li>• Employment applications (unless a profession requires longer)</li> <li>• Expired insurance policies</li> </ul>

**NOTE:** consult a CPA before discarding ANY financial paperwork; consult an attorney before discarding ANY legal paperwork.

**ExtendedOffice** provides marketing and administrative support to small business owners. We can help with constructing a functional filing system, assessing and discarding old files and arranging for secure document disposal which will take your business to the next level and increase your productivity. Visit us online at [www.extendedoffice.com](http://www.extendedoffice.com); a **FREE** consultation is only a phone call away!