



RETENTION OF TAX RECORDS

*This information is provided as a general guide
for how long you should retain your personal income tax records.*

ACTUAL TAX RETURNS: Keep indefinitely.

SUPPORTING RECORDS FOR TAX RETURNS: Keep for 5 years. Your tax returns can be audited within 3 years of filing for federal and 4 years from filing for state. This includes bank statements, 1099 forms and general receipts or charges.

RECORDS RELATING TO PROPERTY AND DEPRECIABLE ASSETS: Keep in mind that the tax consequences of a transaction that occurs in one year may depend on things that happened in earlier years, and that the period for which you should retain records must be measured from the year in which the tax consequences actually occur.

EXAMPLE: Suppose you bought your home in 2000, and made improvements in 2002. You then sell your home in 2009. In order to determine the tax consequences of the sale, it's necessary to know your basis, which depends on earlier transactions. If your 2009 return is audited, you may have to produce records relating to the purchase in 2000 and the improvements in 2002 to substantiate your basis. Therefore, such records should be kept for 5 to 6 years after the 2009 return has been filed.

DIVORCE AND SEPARATION: Be sure you have access to any tax records affecting you that are kept by your spouse. It is normally easier to keep a set of copies. These should include:

- Divorce or agreement of separate maintenance
- Joint tax returns and supporting records
- Agreements or decrees over custody of children and agreements of who should claim an exemption for them
- Records supporting cost of all jointly owned property
- Records supporting cost or other basis of all property transferred to you during your marriage or as a result of the divorce

LOST OR DESTROYED RECORDS: It is a good practice to keep original records in a safety deposit box or other safe place outside your home and to maintain copies of those records in your home for easy access. If prior tax returns are lost, you may be able to get copies of these from your prior tax preparer. If we prepared your tax returns, we maintain copies of those tax returns during the period you are our client and for three years after you cease to be a client. For lost securities, your stockbroker may be able to provide you with the related tax information. For lost records on real property, your attorney may be able to provide you with missing information if he/she assisted in the transaction.