HOW LONG
should records be kept?

Just how long you should keep records is partly a matter of judgment and a combination of state and federal statutes of limitations. Federal returns can be audited for up to three years after filing (six years if underreported income is involved), so all records substantiating tax deductions should be kept at least that long.

Here are recommended retention periods for various records:

Records	***Retention Period***
• Cancelled checks	7 years
• Credit card receipts	7 years
• Paid invoices	7 years
• Bank deposit slips	7 years
• Bank statements	7 years
• Tax returns (uncomplicated)	7 years
• Tax returns (all others)	Permanent
• Employment tax returns	7 years
• Expense records	7 years
• Financial statements	Permanent
• Contracts	Permanent
• Minutes of meetings	Life of company plus 7 years
• Corporate stock records	Permanent
• Employee records	Period of employment plus 7 years
• Depreciation schedules	Life of assets plus 7 years
• Real estate records	Ownership period plus 7 years
• Journal & general ledger	Life of business plus 7 years
• Inventory records	7 years
• Home purchase and improvement records	Ownership period plus 7 years
• Investment records	Ownership period plus 7 years

Requirements for computer-maintained records are generally the same as for manually kept records.