



Recordkeeping makes sense, especially when it comes to your taxes!

This is a great time to get your personal files in order before the tax year ends and deadlines approach quickly. There are many reasons to keep records, including keeping track of your expenses, tracking the basis of your house or other property and keeping records for insurance purposes or for getting a loan.

In fact, you must keep records for any amounts claimed on your federal tax returns, so now is a good time to check that you are doing that. Well-organized records make it easier to prepare a tax return and help provide answers if the IRS contacts you. You must keep your records as long as they may be needed for the administration of any provision of the Internal Revenue Code. The IRS reminds taxpayers that all requirements that apply to hard copy books and records apply when you maintain tax books and records with electronic storage systems.

Records you should keep include Forms W-2, Forms 1099 or other statements to document income. You should also keep bills, credit card and other receipts, invoices, mileage logs, canceled, imaged or substitute checks, proofs of payment and any other records to support deductions or credits you may claim on your return. You should keep certain documents longer, such as records relating to a home purchase or sale, stock transactions, IRA and business or rental property.

Benefits of good records

- Good records help you identify sources of income. You may receive money or property from a variety of sources. Your records can identify the sources of your income. You need this information to separate business from nonbusiness income and taxable from nontaxable income.
- Good recordkeeping also helps you keep track of expenses. You may forget an expense unless you record it when it occurs. You can use your records to identify expenses that you can claim as a deduction.
- Good records will help you keep track of the basis of property. You need to keep records that show the basis of your property. This includes the original cost or other basis of the property and any improvements you made.

For a complete guide for record retention, please visit the link located on our website in the [Useful Accounting Links](#) page. For information from the IRS on what kinds of records to keep, see IRS [Publication 552, Recordkeeping for Individuals](#). You may also order the IRS publication by calling 800-TAX-FORM (800-829-3676).

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