



PROVIDING
CREATIVE SOLUTIONS
SINCE 1979

Dear Clients and Friends:

HOW LONG SHOULD WE KEEP BUSINESS AND TAX RECORDS?

How long should you keep records? This question comes up from time to time. Formulation of a records retention plan produces many benefits including:

1. Compliance with legal guidelines - The many laws governing business practices often determine the period of records retention. Laws such as the Fair Labor Standards Act, Employee Retirement Income Security Act, Age Discrimination in Employment Act, Service Contract Act of 1965, Walsh-Healy Public Contracts Act, Washington Administrative Code, OSHA, WISHA, and the Immigration Control and Reform Act of 1986 all dictate periods for retaining records. Creating an effective records management plan helps to ensure compliance with these and other laws.
2. Cost Savings - Retaining records costs money. Having an effective records retention plan saves on costs associated with keeping records, such as labor, technology, and space rental.
3. Protection against lawsuits - Having an effective records management plan may assist in reducing some exposure to lawsuits. Any effective records retention plan includes a policy for records destruction. Several employers have had information found in their own records used against them in a lawsuit long after the information could have been legally destroyed.

A records program should center on managing the right information at the lowest cost, as well as tell you what you have, where it is and how to get it. The attached schedule, while by no means comprehensive, will give you some idea of common retention periods for certain records. Unfortunately, it is not possible to provide a simple answer that will satisfy the differing statutes and regulations of the various federal, state and local agencies. In many cases, legal advice should be sought. Please call us if you have any questions.

The suggested retention periods begin at the *end* of the fiscal year during which the document was created, not from the date on the document. For items supporting tax returns, the retention period begins on the filing date of the return or its due date (with extensions), whichever is later.

The *suggested* retention period is noted after the type of record. The figures represent the number of years for retaining the records. “P” means that the records should be retained permanently. “AT” means after termination and “AD” means after disposal of the underlying asset.

Accident reports (settled)	7	Inventory records	7 AD	Pension records	P
Annual financial reports	P	Invoices (issued or received)	7	Petty cash records	3
Articles of incorporation	P	Invoices – fixed assets	7 AD	Plant acquisition records	7 AD
Audit reports	P	IRS audit reports	P	Property records:	
Bank deposit slips	6	Labor records:		Account ledgers	P
Bank reconciliations	6	Applications (employees)	7 AT	Appraisals	P
Bank statements	7	Contracts	7 AT	Damage reports	7
Bills of lading	5	Daily time reports	5	Deeds and titles	P
Bonds (records of issuance)	P	Disability claims	7 AT	Depreciation	7 AD
Budgets	3	Earnings records	7	Plans and specifications	P
Capital stock:		Employee service records	7 AT	Purchases	P
Applications for authorization and issuance	P	Pay checks	7	Sales	P
Certificates (cancelled)	P	Personnel files	7 AT	Taxes	10
Ledger	P	Salary and wage changes	7 AT	Purchase order copies	3
Transfer records	P	Salary receipts	7 AT	Purchase invoices	7
Check register	10	Time cards, tickets and Clock records	5	Receiving reports	3
Checks (paid and cancelled)	7 AD	Unemployment claims	7 AT	Remittance statements	3
Commission reports	6	Withholding certificates	7 AT	Requisitions	3
Contracts:		Worker’s compensation Reports	10	Sales invoices	7
Corporate	20 AT	Leases	7 AT	Sales slips (cash and charge)	7
Employee	7 AT	Ledgers and journals:		Salesmen’s commission reports	6
Vendor	7	Accounts payable ledger	7	Securities (brokerage slips)	7 AD
Correspondence:		Accounts receivable ledger	7	Shipping tickets	5
Accounting	5	Cash journal	10	Stockholder records	P
Credit and collection	7	Customer ledger	7	Surety bonds	3 AT
General	3	General journal	10	Tax records (including worksheets, bills and agents’ reports)	10
Personnel	7 AT	General ledger	P	Tax returns (copies):	
Cost accounting records	5	Journal entries – year end	P	Estate	P
Deeds and easements	P	Payroll journal	10	Gift	P
Delivery receipts	3	Plant ledger	P	Income	P
Deposit slip copies	3	Purchases journal	10	Payroll	7
Dividend register	P	Sales journal	10	Personal property	10
Depreciation schedules	7 AD	Stock ledger	P	Sales and use	10
Equipment leases (after expiration)	6	Voucher journal	10	Social security	7
Equipment repair records	3	Licenses	1 AT	Title papers	P
Expense reports	5	Maintenance records:		Trademark records	P
Financial reports:		Building	7	Travel records (employees)	3
Audited	P	Machinery	5	Uncollectible accounts records	7
Annual	P	Manufactured stock records	7	Union (Labor) contracts	P
Interim	3	Minute books	P	Vouchers (copies)	7
Fire damage reports	6	Mortgages	7 AT	Voucher register	10
Fixed asset records	7 AD	Notes (cancelled)	7	Wage rate records	7
Franchise agreements	10 AT	Note register	P	Warrants	P
Freight drafts, bills, claims	5	Options	7 AT	W-2 Forms	7
Garnishments	3 AT	Patent records	P		
Insurance policies (after expiration)	3				

This schedule provides only rough guidelines and may not be appropriate for a particular business. In many cases legal advice should be sought.