Petix & Botte

TAX & BUSINESS SERVICES

KEEPING TAX RECORDS

Income Tax returns and supporting documents – Keep at least four years and preferably six if space is not critical. Once this period has elapsed, the documents can be discarded, but the returns themselves, should be retained indefinitely.

Residential property records – All escrow statements (purchase and sale) plus receipts for improvements should be kept for at least four years after property is sold. Refinance papers should also be retained. Taxable gain on home sales is now cost basis plus $250,000 single or $500,000 married.

Purchase receipts for stocks, bonds, mutual funds – These should also be kept for at least 4 years after the asset is sold. This would include records of stock dividends, splits and reinvested dividends and mutual fund dividends and capital gains. Year end statements.

Depreciation records – For any rental real estate or depreciable business property you own, keep records of the property's cost, date acquired, and the schedule of depreciation claimed in previous years. This record should be kept until four years after the disposition of the property.

Retirement plan contributions – Records of nondeductible IRA deposits, employer-plan stock purchases, rollovers, conversions to Roth IRAs and Keogh plan deposits should be kept until four years after the plan assets have been terminated or 100% withdrawn.

Personal records – Important papers such as estate and gift tax returns, divorce and property settlement agreements, deeds, title insurance policies, and all trust documents should be kept in a permanent file, or perhaps a safe deposit box.

Miscellaneous papers – All other documents to include bank statements, canceled checks, credit card statements, deposit slips, charitable contribution receipts, and medical bills can be discarded after four years.

IF IN DOUBT--KEEP IT!