

How long to keep records?

In setting up the accounting system, you will need to determine how long to keep certain documents. The IRS has requirements on the length of time businesses are required to keep documents. These documents should be kept in a safe place, either in paper form or on computer files. The following is a recommended list of what to save and how long to save it.

Income tax reports, protests, appeals	Indefinitely
Annual financial statements	Indefinitely
Monthly financial statements	3 years
Books of account, such as the general ledger	Indefinitely
Canceled and payroll checks	6 years
Income tax payment checks	Indefinitely
Bank reconciliations, voided checks, check stubs and check register tapes	6 years
Revenue records such as invoices, monthly statements, cash register tapes and sales logs	6 years
Purchase records such as purchase orders, payment vouchers and vendor invoices	6 years
Travel and entertainment records	6 years
Documents substantiating fixed-asset additions and depreciation records	Indefinitely
Personnel and payroll records	6 years
Legal documents, state incorporation papers, labor contracts, registration applications	Indefinitely