

RECORDKEEPING INFORMATION SHEET

Recordkeeping

Keep all records of employment taxes for at least 4 years. These should be available for IRS review. Records should include:

- Your employer identification number.
- Amounts and dates of all wage, annuity, and pension payments.
- Amounts of tips reported.
- Records of allocated tips.
- The fair market value of in-kind wages paid.
- Names, addresses, social security numbers, and occupations of employees and recipients.
- Any employee copies of Form W-2 that were returned to you as undeliverable.
- Dates of employment.
- Periods for which employees and recipients were paid while absent due to sickness or injury and the amount and weekly rate of payments you or third-party payers made to them.
- Copies of employees' and recipients' income tax withholding allowance certificates (Forms W-4, W-4P, W-4S, and W-4V).
- Dates and amounts of tax deposits you made and acknowledgment numbers for deposits made by EFTPS.
- Copies of returns filed, including 941TeleFile Tax Records and confirmation numbers.
- Records of fringe benefits provided, including substantiation.

COPIES OF TAX RETURNS. You should keep copies of your tax returns as part of your tax records. They can help you prepare future tax returns, and you will need them if you file an amended return. Copies of your returns and other records can be helpful to your survivor or the executor or administrator of your estate. **We recommend that you keep at least the last 7 years.**

If necessary, you can request a copy of a return and all attachments (including Form W-2) from the IRS by using Form 4506, *Request for Copy or Transcript of Tax Form*. For information on the cost and where to file, see the Form 4506 instructions.

Basic Records

Basic records are documents that everybody should keep. These records prove your income and expenses. If you own a home or investments, your basic records should contain documents related to those items. This table lists documents you should keep as basic records. Following the table are examples of information you can get from these records.

FOR items concerning your...	KEEP as basic records...
Income	<ul style="list-style-type: none">• Form(s) W-2• Form(s) 1099• Bank statements• Brokerage statements• Form(s) K-1
Expenses	<ul style="list-style-type: none">• Sales slips• Invoices• Receipts• Canceled checks or other proof of payment
Home	<ul style="list-style-type: none">• Closing statements• Purchase and sales invoices• Proof of payment• Insurance records• Form 2119 (if you sold a home before 1998)
Investments	<ul style="list-style-type: none">• Brokerage statements• Mutual fund statements• Form(s) 1099• Form(s) 2439

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Proof of Payment

One of your basic records is proof of payment. You should keep these records to support certain amounts shown on your tax return. Proof of payment alone is not proof that the item claimed on your return is allowable. You should also keep other documents that will help prove that the item is allowable.

Generally, you prove payment with a canceled check or cash receipt. If you do not have a canceled check because your bank does not return canceled checks or if you make payments by credit card or electronic funds transfer, you may be able to prove payment with an account statement.

If you make payments in cash, you should get a dated and signed receipt showing the amount and the reason for the payment.

ACCOUNT STATEMENTS. You may be able to prove payment with a legible financial account statement prepared by your bank or other financial institution. These statements are accepted as proof of payment if they show the items in the following table.

PAY STATEMENTS. If you have deductible expenses withheld from your paycheck, such as union dues or medical insurance premiums, keep your pay statements as proof of payment of these expenses.

IF payment is by...	THEN the statement must show the...
Check	<ul style="list-style-type: none">• Check number• Amount• Payee's name• Date the check amount was posted to the account by the financial institution
Electronic funds transfer	<ul style="list-style-type: none">• Amount transferred• Payee's name• Date the transfer was posted to the account by the financial institution
Credit card	<ul style="list-style-type: none">• Amount charged• Payee's name• Transaction date

The period of limitations is the period of time in which you can amend your return to claim a credit or refund or the IRS can assess additional tax. The following table contains the periods of limitations that apply to income tax returns. Unless otherwise stated, the years refer to the period beginning after the return was filed. Returns filed before the due date are treated as being filed on the due date.

IF you...	THEN the period is...
1 Owe additional tax and (2), (3), and (4) do not apply to you	3 years
2 Do not report income that you should and it is more than 25% of the gross income shown on your return	6 years
3 File a fraudulent return	No limit
4 Do not file a return	No limit
5 File a claim for credit or refund after you filed your return	Later of 3 years or 2 years after tax was paid.
6 File a claim for a loss from worthless securities	7 years

We recommend that you keep at least the last 7 years.

PROPERTY. Keep records relating to property until the period of limitations expires for the year in which you dispose of the property in a taxable disposition. You must keep these records to figure your basis for computing gain or loss when you sell or otherwise dispose of the property.

KEEPING RECORDS FOR NONTAX PURPOSES. When your records are no longer needed for tax purposes, do not discard them until you check to see if they should be kept longer for other purposes. Your insurance company or creditors may require you to keep certain records longer than the IRS does.

Questions? Contact us at:

- Telephone (541) 683-2900
- Fax (541) 343-7945
- E-Mail: tax@carterandcarter.com

Please note, changes in tax laws may occur at any time and could have a substantial impact on each person's situation. You should discuss any tax or legal matters with the appropriate professional.

Tax Preparation and Accounting Services are

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