



# WHAT and WHEN



Generally, you must keep your records that support an item of income, deduction or credit shown on your tax return until the period of limitations for that tax return runs out.

The information below reflects the periods of limitations that apply to income tax returns. Unless otherwise stated, the years refer to the period after the return was filed. Returns filed before the due date are treated as filed on the due date.

**Note: Never throw out the actual tax return! They help in preparing future tax returns and making computations if you ever need to file an amended return**

## **Period of Limitations** for documents used to prepare the tax returns:

1. Keep back-up records for 3 years from the due date for a timely and accurately filed tax return.
2. Keep records for 3 years from the date you filed your original return or 2 years from the date you paid the tax, whichever is later, in case you need to file a claim for credit or refund after you file your return.
3. Keep records for 7 years if you file a claim for a loss from worthless securities or bad debt deduction.
4. Keep records indefinitely if you do not file a return.
5. Keep records indefinitely if you file a fraudulent return. 

The following questions should be applied to each record as you decide whether to keep a document or throw it away.

### **Are the records connected to property?**

Generally, keep records relating to property until the period of limitations expires for the year in which you dispose of the property. You must keep these records to figure any depreciation, amortization, or depletion deduction and to figure the gain or loss when you sell or otherwise dispose of the property.

If you received property in a nontaxable exchange, your basis in that property is the same as the basis of the property you gave up, increased by any money you paid. You must keep the records on the old property, as well as on the new property, until the period of limitations expires for the year in which you dispose of the new property.

### **What should I do with my records for nontax purposes?**

When your records are no longer needed for tax purposes, do not discard them until you check to see if you have to keep them longer for other purposes. For example, your insurance company or creditors may require you to keep them longer than the IRS does.