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How Long Do I Have To Keep My Old Business Records For The IRS?

As you might expect with the tax law, the answer to this question is not crystal clear. Let's break it down by first looking at several tax code sections.

The federal statute of limitations gives the IRS at least three years to audit you and your business, starting from the date you file a tax return. (Note that if you never file a return for a given tax year, all bets are off-you can be audited forever.) The good news here is that you don't have to keep those moldy old boxes forever.

So, we know that three years is the absolute minimum period for record retention. However, for serious tax misdeeds, the IRS can go back six years-and for outright fraud, it can go back forever. Only you know which category you're likely to fall in. Act accordingly, you know who you are.

Don't forget that state tax agencies can inspect your records, too. Some state statutes of limitations for auditing are longer than the IRS's.

My advice: keep your regular tax-related documents-receipts, -invoices, bank statements-for six years.

Asset records on equipment, vehicles, and real estate should be kept for six years after the asset has been disposed of.

EXAMPLE: In 1997, Calista bought a building for her insurance agency. She deducted all expenses of maintaining the building and took annual depreciation deductions. Calista sold her agency, including the real estate, in 2006. She filed her tax return reporting the sale of the business on April 15, 2007. Calista should keep her 1997 documents on the purchase of the building until six years after the date of the sale-2013.

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