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RECORDKEEPING

You must keep your records as long as they may be needed for the administration of any provision of the Internal Revenue Code. Generally, this means you must keep records that support items shown on your return until the period of limitations for that return runs out.

The period of limitations it he period of time in which you can amend your return to claim a credit or refund or the IRS can assess additional tax.

The below 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.

Table: Period of Limitations

	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 file your return	The later of 3 years or 2 years after tax was paid
6	File a claim for a loss from worthless securities	7 years

Refer to the IRS Publication 552 for more information.

State requirements vary from federal and are usually longer.
Therefore, it is better to keep records for a longer period of time than listed above.

Remember: Records are your best defense against an audit!

Per 26 U.S. Code § 7491(a)(1), if taxpayer produces credible evidence, the ***burden of proof shifts*** to the IRS. (paraphrased)

"Enrolled to Practice Before the Internal Revenue Service"

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