

**From the desk of
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KEEPING RECORDS

Good recordkeeping throughout the year can save you time and effort at tax time when organizing and completing your return as well as save you money.

Good records tend to provide more information in regards to those deductions that you will want to take the maximum advantage of when preparing your tax return.

Good records can also save you time in providing that information to us.

Those headaches at tax time by keeping track of your receipts and other records throughout the year can be avoided if your records are complete. Good recordkeeping will help you remember the various transactions you made during the year, which in turn may make filing your return a less taxing experience.

Documenting the deductions claimed on your return is now more important than ever as the Internal Revenue Service and the various State taxing authorities have stepped up their enforcement activities to shore up their ongoing and ever increasing budgetary shortfalls.

It is not a surprise that audit activity is increasing

If your records are such that you can provide documentation for the deductions in your return any response to the IRS becomes merely a nuisance rather than a painfully expensive experience.

Both the IRS and the State agencies are firmly aware that the average taxpayer does not keep records sufficient to document the deductions in their tax returns, and therefore a revenue source exists that they can tap into.

Normally, tax records should be kept for no less than four years as most State agencies have one additional trailing year beyond IRS requirements for record retention.

Some documents such as records relating to a home purchase or sale, stock transactions, IRA and business or rental property should be kept for a period no less than the three and four year retention periods beyond the time you have sold your home, or disbursed your IRA funds.

Generally you should keep any and all documents that may have an impact on your tax returns:

- Bills
- Credit card and other receipts
- Invoices
- Mileage logs
- Canceled, imaged or substitute checks or any other proof of payment
- Any other records to support deductions or credits you claim on your return.

We can assist you in developing an accurate record retention system, part of which are our files which incorporate most of those items that you will be claiming in completing your return.