

PKF PERSPECTIVES

BUSINESS RECORDS RETENTION GUIDE

The following is offered as a guide for retention of certain business records, whether in paper or electronic format. It is by no means exhaustive, nor is it the final authority. It must be modified, as necessary, to your specific needs. In the event you decide to destroy a document listed in the "Permanent" or "Seven Year" category before its time, it is suggested you consult with legal counsel before doing so.

Once you have adapted this schedule to your specific business operations and the governmental authorities under which you conduct business, you can formalize your firm's records retention policy with the approval of your Board of Directors. It is important that the policy be disseminated to your staff and that it be consistently followed.

Should your business be involved in litigation, a retention hold on all documents related to that matter should be communicated immediately to your staff and such documents be segregated. When the matter is settled, you should consult with legal counsel before destroying any related documents.

PERMANENT RECORDS

- Audit reports of CPAs
- Cancelled checks and related documents for important payments, i.e., taxes, purchases of property, special contracts, etc. (checks should be filed with the papers pertaining to the underlying transaction)
- Capital stock and bond records: ledgers, transfer registers, stubs showing issues, record of interest coupons, options, etc.
- Cash books
- Charts of Accounts
- Construction documents
- Contracts, mortgages, notes and leases (still in effect, as well as expired)
- Correspondence (legal and important matters only)
- Deeds, mortgages, and bills of sales (as well as contracts and leases still in effect)

- Depreciation schedules
- Financial statements – end of year (other months optional)
- General and private ledgers, year-end trial balances
- Insurance records, current accident reports, claims, policies (even if expired), etc.
- Investment records, trade confirmations, brokerage statements
- Loan documents
- Minute books of directors and stockholders, including articles of incorporation, by-laws and charter
- Patents and related papers
- Property appraisals by outside appraisers
- Property records – including costs, depreciation reserves, end-of-year trial balances, depreciation schedules, documents substantiating fixed asset additions, blueprints and plans
- Retirement and pension records; retirement plan returns and reports; retirement plan accounting records (to correspond with returns and reports)
- Tax returns and worksheets, revenue agents' reports and other documents relating to determination of income tax liability
- Trademark registrations and copyrights
- Training manuals
- Union agreements

SEVEN YEARS

- Accident reports and claims (settled cases)
- Accounts payable, ledgers and schedules (see voucher register)
- Accounts receivable ledgers, schedules and trial balances
- Attendance records

- Cancelled checks (see exception under Permanent Records)
- COBRA records
- Credit card statements
- Expense analyses and expense distribution schedules
- Garnishments
- Inventories of products, materials and supplies
- Invoices (to customers or from vendors) (see vouchers)
- Notes receivable ledgers, schedules and trial balances
- Option records (expired)
- Payroll records and summaries, including payments to pensioners
- Employee personnel records (retain 7 years after termination of employee) (if employee was a participant in a pension plan, consult your plan advisor)
- Plant cost ledgers
- Purchase orders (purchasing department copy)
- Sales records
- Scrap and salvage records – inventories, sales, etc.
- Stock and bond certificates (cancelled)
- Subsidiary ledgers to the general ledger and trial balances
- Time books/cards
- Travel and entertainment records
- Unemployment claims (retain 7 years after termination of employee)
- Voucher registers, schedules and trial balances
- Vouchers for payments to vendors, employees, etc. (including allowances and reimbursement of employees, officers, etc., for travel and entertainment expenses)
- Withholding tax statements
- Workers compensation reports (retain 7 years after termination of employee)

THREE YEARS

- Bank statements and reconciliations
- Budgets
- Correspondence (general)
- Correspondence (routine) with customers and/or vendors
- Duplicate deposit slips
- Employee tip substantiation
- Employment applications (of those not hired)
- Form I-9 (3 years from start date, or 1 year after termination - whichever is LATER)
- Internal audit reports, including working papers (in some situations, longer retention periods may be desirable)
- Internal reports (miscellaneous)
- Licenses (3 years after expiration)
- Petty cash vouchers
- Physical inventory tags
- Sales commission reports
- Savings bond registration records of employees
- Time cards for hourly employees

ONE YEAR

- Purchase orders (except purchasing department copy)
- Receiving sheets
- Requisitions

Items in this publication should not be considered official statements of position, nor advice for individuals or organizations without consulting a professional advisor. This information is not intended to be, nor can it be, used by any taxpayer for the purpose of avoiding tax penalties. For more information, please contact the partner in charge of your account.

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December 2011

