

IRS Statute of Limitations Information

Tax records are canceled checks, receipts or other documents that support an item of income or deduction on your tax return. These records should be kept until the statute of limitations expires. The time you are required to keep records includes the period of time during which you can amend your tax return to claim a credit or refund, or that the IRS can assess more tax.

In most cases, tax records need to be kept for 3 years.

The following exceptions come directly from the IRS:

- You do not report income that you should report, and it is more than 25% of the gross income shown on your return; keep records for 6 years.
- You file a fraudulent income tax return; keep records indefinitely.
- You do not file a return; keep records indefinitely.
- You file a claim for credit or refund after you file your return; keep records the later of: 3 years or 2 years after tax was paid.
- Your claim is due to a bad debt deduction; keep records for 7 years.
- Your claim is due to a loss from worthless securities; keep records for 7 years.
- Keep information on an asset for the life of the asset, even when you dispose of the asset; keep records indefinitely.
- Keep all employment tax records for at least 4 years after the date that the tax becomes due or is paid, whichever is later. (However, the Social Security Administration requires employment records to be kept for 7 years.)

Records relating to an asset are used to figure depreciation or amortization deductions and to figure a gain or loss when the property is sold or disposed. Keep them 3 years after the tax return on which the sale is reported.

Even when records are no longer needed for tax purposes, determine if they are needed for other purposes. For example, insurance companies or creditors may require you to retain them longer than the IRS does.