

May, 2011 Tax Tip

What Records to Keep for Tax Purposes

After you file your taxes, you will have many records that may help document items on your tax return. You will need these documents should the IRS or WI select your return for examination. Here are five tips about keeping good records in case of audit. (Wisconsin Dept of Revenue has an additional year to audit since Wisconsin usually adapts to federal tax law changes in the year following the federal enactment of the law.)

1. Normally, tax records should be kept for three years after filing for federal returns and four years after filing for WI returns.
2. Some documents — such as records relating to a home purchase or sale, stock transactions, IRA and business or rental property — should be kept longer. Keep all annual statements, records of stock splits, home improvements, for 3 years after the property is disposed of (federal purposes) but 4 years for Wisconsin purposes.
3. In most cases, the IRS or WI does not require you to keep records in any special manner. Generally speaking, however, you should keep any and all documents that may have an impact on your tax returns.
4. Records you should keep include bills, credit card and other receipts, invoices, mileage logs, canceled, imaged or substitute checks, proofs of payment, and any other records to support deductions or credits you claim on your return.
5. For more information on what kinds of records to keep, see IRS Publication 552, *Recordkeeping for Individuals*, which is available on the IRS website at <http://www.irs.gov> or by calling 800-TAX-FORM (800-829-3676) to receive a printed copy.