



# Topic No. 305 Recordkeeping

Well-organized records make it easier to prepare a tax return and help provide answers if your return is selected for examination or if you receive an IRS notice.

You must keep records, such as receipts, canceled checks, and other documents that support an item of income, a deduction, or a credit appearing on a return as long as they may become material in the administration of any provision of the Internal Revenue Code, which generally will be until the period of limitations expires for that return.

## Period of limitations for assessment of tax:

**3 years** - For assessment of tax you owe, this period is generally 3 years from the date you filed the return. Returns filed before the due date are treated as filed on the due date.

**No limit** - There's no period of limitations to assess tax when you file a fraudulent return or when you don't file a return.

**6 years** - If you don't report income that you should have reported, and it's more than 25% of the gross income shown on the return, or it's attributable to foreign financial assets and is more than \$5,000, the time to assess tax is 6 years from the date you filed the return.

## Period of limitations for refund claims:

**The later of 3 years or 2 years after tax was paid** - For filing a claim for credit or refund, the period to make the claim generally is 3 years from the date you filed the original return (or the due date for filing the return if you filed the return before that date) or 2 years from the date the tax was paid, whichever is later.

**7 years** - For filing a claim for an overpayment resulting from a bad debt deduction or a loss from worthless securities, the time to make the claim is 7 years from when the return was due.

## Property Records

Keep records relating to property until the period of limitations expires for the year in which you dispose of the property in a taxable disposition. You must keep these records to figure your basis for computing gain or loss when you sell or otherwise dispose of the property.

## Healthcare Insurance

You should keep records of your own and your family members' health care insurance coverage. If you're claiming the [premium tax credit](#), you'll need information about any advance credit payments you received through the Health Insurance Marketplace and the premiums you paid.

## Business Income and Expenses

If you're in business, there's not a required method of bookkeeping you must use. However, you must use a method that clearly and accurately reflects your gross income and expenses. The records should substantiate both your income and expenses. If you have **employees**, you must keep all your employment tax records for at least 4 years after the tax becomes due or is paid, whichever is later.

## Additional Resources

- [Recordkeeping](#)
- [Publication 15, \(Circular E\), Employer's Tax Guide](#)
- [Publication 583, Starting a Business and Keeping Records](#)
- [Publication 463, Travel, Entertainment, Gift, and Car Expenses](#)
- [Publication 17, Your Federal Income Tax for Individuals](#)

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