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News Release

### **Tax Record Keeping**

Ever wonder what tax records you should keep and which ones are ok to throw away? Here's some advice on this subject from the National Tax Advice Day website. Records to hold on to include:

**General financial documents:** You should keep pay stubs, W-2 forms, records of tips earned, receipts for big dollar items such as the purchase or sale of an automobile or home, records of investments along with contributions to retirement accounts, bank and brokerage statements, and 1099 forms.

**Receipts for deductible items:** When making payments toward a deductible item by credit card, electronic funds transfer or check, you'll need to record the check number, dollar amount, payee's name and date of the transaction. If you make a payment in cash you should get a signed and dated receipt showing the amount and reason for the payment.

**Insurance and medical records:** Hold on to papers regarding insurance claims and medical expenses along with dates and specifics as to what was paid for and when.

**Theft or loss documentation:** Theft loss should be documented, including value, the date the property was first noticed missing and proof that it was yours.

**Gambling records:** Gambling records should state the type of gambling activity, the amount won or lost, address or location of the establishment, names of others present with you and the date.

**Charitable records:** Charitable contributions of goods such as clothing or household items require a receipt, as do cash contributions of more than \$75 when you receive goods or services in return for the donation. In addition, you must have written confirmation of any cash donation of \$250 or more before you can deduct it. Be sure to log out-of-pocket expenses for charitable work such as: mileage, parking fees, tolls, bus or taxi fares. Record the name of the charity, the date of the expenses and the amount.

**Self-employment records:** If you are self-employed or use your home for business, you

will need to keep a special set of records. Consult with a tax professional for additional information.

Keep your records in order by date, broken down by category. Organizing your receipts, pay stubs and various financial forms as the year goes along will make it easier to get the numbers you need when it is time to file your tax return. Several software programs are on the market to help you maintain records; however, you should still hold on to original receipts and tax forms. It's a good idea to use a folder, envelope or binder to keep all of your records for the tax year together and then store these yearly files away in boxes or on shelves for later reference. You should keep your records a minimum of three years but many tax professionals recommend a minimum of seven years.

*For more information on financial topics, please contact Ruth Brock, Regional Extension Agent at the St. Clair County Extension Office at 205-338-9416, or e-mail [brockru@auburn.edu](mailto:brockru@auburn.edu).*

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*Source: <http://www.hrblock.com/taxes>. Retrieved August 6, 2007.*