

Tax record retention guidelines for individuals



What 2017 tax records can you toss once you've filed your 2017 return? The answer is simple: none. You need to hold on to all of your 2017 tax records for now. But it's the perfect time to go through old tax records and see what you can discard.

The 3-year and 6-year rules

At minimum, keep tax records for as long as the IRS has the ability to audit your return or assess additional taxes, which generally is three years after you file your return. This means you potentially can get rid of most records related to tax returns for 2014 and earlier years. (If you filed an extension for your 2014 return, hold on to your records at least until the three-year anniversary of when you filed your extended return.)

However, the statute of limitations extends to six years for taxpayers who understate their **adjusted** gross income by more than 25%. What constitutes an understatement may go beyond simply not reporting items of income. So a common rule of thumb is to save tax records for six years from filing, just to be safe.

What to keep longer

You'll need to hang on to certain tax-related records beyond the statute of limitations:

- Keep tax returns themselves forever, so you can prove to the IRS that you actually filed a legitimate return. (There's no statute of limitations for an audit if you didn't file a return or you filed a fraudulent one.)
- Hold on to W-2 forms until you begin receiving Social Security benefits. Questions might arise regarding your work record or earnings for a particular year, and your W-2 could provide the documentation needed.
- Retain records related to real estate or investments as long as you own the asset, plus at least three years after you sell it and report the sale on your tax return (or six years if you want to be extra safe).
- Keep records associated with retirement accounts until you've depleted the account and reported the last withdrawal on your tax return, plus three (or six) years.

Other documents

We've covered retention guidelines for some of the most common tax-related records. If you have questions about other documents, please contact us.