

Dear Breathing Space Readers ~

Most likely those of you outside the US have an agency making sure that you pay your taxes correctly. In the US, it's the IRS.

Last month a reader asked, "I have an attic full of old checks, how long do I have to keep them?"

For quite a while my answer has been, "Three years is the least conservative amount of time; 7 years if you are super cautious, and forever if the data is business related." I would follow that up with, "But I'm NOT an accountant; if you have one, do check with him or her as this is NOT my area of expertise."

Well, this time, I decided I would double check. I remembered vaguely that someone told me I was having people save stuff longer they need to. Whoa!

I decided to look at the official IRS site; hmmm not totally clear to me. I wanted to hear it live. So I called one CPA who explained that you should keep copies of your completed tax forms as reference forever, but are only required to keep the back-up material for three years. A second said basically the same thing, adding that he has his more cautious folks keep back up material for 5-7 years.

My colleague, who does tax returns for his clients, said much the same. He pointed out that you may want a paper trail for other reasons but three years is the IRS requirement. Checks that are not backing up tax related expenses are simply not needed for the IRS.

So here's my revised response. Regarding the IRS:

- A) Please check your particular circumstances with your accountant if you have one
- B) Keep tax related back-up materials for a minimum of three years, seven maximum, and
- C) Keep your completed tax forms themselves forever.

Joanna