

Tax Record Retention Guide

A practitioner-oriented framework for deciding what taxpayers should preserve - and for how long.

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Core principle

A statute of limitations is not the same thing as a record-retention schedule. Some records may support basis, ownership, carryovers, elections, or future reporting decades after the return on which they first appeared. A prudent retention policy therefore distinguishes return copies, supporting records, lifecycle records, and permanent tax attributes.

Suggested retention framework

Record Type	Suggested Retention	Why	Examples
Filed tax returns	Permanent	Creates a longitudinal tax history and may be needed to reconstruct elections, carryovers, basis, or prior positions.	Federal and state returns; amended returns; e-file confirmations.
Routine annual support	At least through the applicable assessment/refund period, longer when prudent	Supports amounts reported on a return.	W-2s, 1099s, receipts, charitable acknowledgments, ordinary deduction support.
Property / basis records	Life of asset plus applicable post-disposition period	Basis often depends on records created years or decades earlier.	Closing statements, improvements, depreciation, gifted/inherited basis, stock acquisition records.
Carryovers / suspended items	Until fully used plus applicable post-use period	Future deductions or credits depend on historical attributes.	Capital losses, passive losses, NOLs, credit carryovers, charitable carryovers.
Retirement basis / special tax attributes	Permanent or through complete disposition plus applicable period	Historical basis can control taxation many years later.	Forms 8606, nondeductible IRA basis, after-tax plan basis.
Gift / estate records	Permanent	May be needed for basis, exemption usage, future estate administration, or reporting consistency.	Forms 709, 706, appraisals, valuation files, portability records.
Like-kind exchange / deferred-gain records	Through ultimate disposition and any state tracking requirement	Deferred gain and basis carry into replacement property; some states	Exchange files, settlement statements, state deferred-gain forms.

		require recurring reporting.	
Payroll / employment records	Follow federal and state employment-law retention rules; many tax records require at least several years	Multiple tax and employment statutes can apply.	Forms 941/940, W-2/W-3, payroll registers, withholding records.
Entity / ownership / election records	Permanent while relevant and beyond termination when needed	Tax classification, basis, ownership, and elections can affect later years.	Form 2553, operating records, stock basis, capital accounts, elections, entity termination records.
Digital source and confirmation records	Same period as underlying tax item	Electronic proof may be the only evidence that an action occurred.	E-file acknowledgments, portal confirmations, QCD confirmations, payment confirmations.

Practitioner reminders

- ☐ Do not confuse the general federal three-year assessment period with a universal three-year retention rule.
- ☐ Longer federal periods may apply in particular circumstances, including substantial omissions; fraud or failure to file may prevent the ordinary limitation period from running.
- ☐ State limitation periods and special state tracking rules may differ from federal rules.
- ☐ Taxpayer retention and practitioner file-retention obligations are separate questions.
- ☐ Secure destruction and privacy controls matter once records are no longer required.

Permanent-record checklist

- ☐ Filed returns and amendments
- ☐ Forms 8606 and other basis records
- ☐ Gift and estate tax returns / appraisals
- ☐ Property purchase and improvement records while property is held
- ☐ Entity formation/classification/election records relevant to tax status
- ☐ Carryover and suspended-loss schedules until exhausted
- ☐ §1031 / deferred-gain history through final disposition
- ☐ Material tax elections and ruling / relief documentation

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