

1 Recordkeeping for Taxpayers

Pub552Pg3

Basic records. The following is a list of basic records that a taxpayer (T/P) should keep.

| For items concerning | Keep as basic records |
|----------------------|---|
| Income | <ul style="list-style-type: none"> ▶ Form(s) W-2 ▶ Bank statements ▶ Form(s) K-1 ▶ Form(s) 1099 ▶ Brokerage statements |
| Expenses | <ul style="list-style-type: none"> ▶ Sales slips ▶ Invoices ▶ Receipts ▶ Cancelled checks or other proof of payment ▶ Written communication from qualified charities |
| Home | <ul style="list-style-type: none"> ▶ Closing Statements ▶ Purchases and sales invoices ▶ Proof of payment ▶ Insurance records ▶ Receipts for improvement costs |
| Investments | <ul style="list-style-type: none"> ▶ Brokerage statements ▶ Mutual fund statements ▶ Form(s) 1099 ▶ Form(s) 2439 |

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Specific records. The following are specific records that should be kept in addition to basic records.

| Item of deduction | Records to keep |
|--------------------------|--|
| Alimony | <ul style="list-style-type: none"> ▶ Copy of a written separation agreement or divorce, separate maintenance decree. |
| Business use of the home | <ul style="list-style-type: none"> ▶ Records that show the part of the house use for business and the expense related to that use. |
| Casualty loss | <ul style="list-style-type: none"> ▶ The type of casualty and when it occurred. ▶ Records that prove that the loss was a direct result of the casualty. ▶ Records that prove ownership of the property. |
| Theft loss | <ul style="list-style-type: none"> ▶ Records showing when the property was discovered missing. ▶ Records proving that the property was stolen. ▶ Records that prove ownership of property. |
| Child care credit | <ul style="list-style-type: none"> ▶ Records providing the name, address, and tax identification number for all persons or organizations that provided care to T/P's child or dependent. |

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Proof of payment. One of the basic records is the proof of payment. Proof of payment alone is not proof that the item claimed on the return is allowable. Other supporting documents should be kept.

| If payment is by | Then the statement must show the... |
|---------------------------|---|
| Cash | <ul style="list-style-type: none"> ▶ Amount ▶ Payee's name ▶ Transaction date |
| Check | <ul style="list-style-type: none"> ▶ Check number ▶ Amount ▶ Payee's name ▶ Date the check was posted to the account by the financial institution |
| Debt or credit card | <ul style="list-style-type: none"> ▶ Amount charged ▶ Payee's name ▶ Transaction date |
| Electronic funds transfer | <ul style="list-style-type: none"> ▶ Amount transferred ▶ Payee's name ▶ Date the transfer was posted to the account by the financial institution |
| Payroll deduction | <ul style="list-style-type: none"> ▶ Amount ▶ Payee code ▶ Transaction date |

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Specific records (cont.)

| Item of deduction | Records to keep |
|------------------------------|---|
| Employee business expenses | <p>Keep all records needed to prove the employee business expense including:</p> <ul style="list-style-type: none"> ▶ Canceled checks, credit card and bank statements. ▶ Log book accounting for meals and entertainment and business miles. ▶ Employment reimbursement policies. ▶ Written statements providing business purpose of an expense. |
| Gambling winnings and losses | <ul style="list-style-type: none"> ▶ Date and type of gambling activity. ▶ Name and address or location of the gambling establishment. ▶ Names of other persons with the T/P at the gambling establishment. ▶ Amount won or lost. ▶ Proof of winnings and losses (e.g., Form W-2G, wagering tickets, canceled checks, bank withdrawals, credit records, etc.). |
| IRAs | <ul style="list-style-type: none"> ▶ Forms 5498, 1099-R, and 8606 |
| Mortgage interest | <ul style="list-style-type: none"> ▶ Form 1098 |
| Taxes paid or withheld | <ul style="list-style-type: none"> ▶ Forms W-2, 1099-R, 1099-G, etc. |