



## **Better Business through Better Records**

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## Recordkeeping Uses

- Monitor progress of business activity
- Prepare financial statements
- Identify receipt sources
- Track deductible expenses
- Prepare tax returns
- Support items reported on tax returns





## Recordkeeping Uses

- Income
- Expenses
- Recordkeeping system
- Supporting business documents





## Supporting Business Documents

- Invoices
- Receipts
- Payroll
- Sales
- Canceled checks





## Business Bank Account

- Establish separate business account
- Reconcile account regularly
- Retain deposit information and receipts
- Use business account for all business transactions





## Gross Receipts

- Establish separate business account
- Reconcile account regularly
- Retain deposit information and receipts
- Use business account for all business transactions





## Purchases

- Canceled checks
- Cash register tape receipts
- Credit card sales slips
- Invoices





## Expenses

- Canceled checks
- Cash register tapes
- Account statements
- Credit card sales slips
- Invoices
- Petty cash slips for small cash payments







## Pub 463, Travel, Transportation, Entertainment, and Gift Expenses

Proof of certain business expenses:

- Travel
- Entertainment
- Gifts
- Transportation





## Documents for Assets

- Purchase price
- Cost of any improvements
- Deductions taken for depreciation
- How you used the asset
- When and how you disposed of the asset
- Selling price
- Expenses of sale





## Employment Records

- Specific employment tax records
- Maintain for four years
- Resources
  - [About Publication 15, \(Circular E\), Employer's Tax Guide](#)
  - IRS.gov, Search keyword “Recordkeeping





## Employment Tax Records

- EIN
- Employee information
- Employment dates
- Wage, annuity, and pension payments
- Tips reported
- FMV of in-kind wages paid
- Deposits





## Small Business Recordkeeping System Examples

- Business checkbook
- Daily summary of cash receipts
- Monthly summary of cash receipts
- Check disbursements journal
- Depreciation worksheet
- Employee compensation records





## Recordkeeping Timeframes

The length of time you should keep a document depends on the action, expense, or event which the document records.

- Period of limitations that apply to income tax returns
- Records connected to property
- Records that are no longer needed for tax purposes

An important part of tax planning is **recordkeeping**.

Make sure to keep your tax records for **three years** from the date you filed a tax return.



[www.irs.gov/recordkeeping](http://www.irs.gov/recordkeeping)



## Electronic Records

- Same recordkeeping requirements
- Electronic records are generally accepted by the IRS
- Always check with the auditor assigned before submission
- Submit on CD, DVD, or a flash/jump drive, but do not send via e-mail – for security reasons
- Saves time & money





## IRS Resources

[Recordkeeping | Internal Revenue Service \(irs.gov\)](#)

[Publication 583, Starting a Business and Keeping Records](#)

[Small Businesses Self-Employed | Internal Revenue Service](#)

[Publication 463, Travel, Gift, and Car Expenses](#)

[Publication 583, Starting a Business and Keeping Records](#)

[Topic No. 305 Recordkeeping](#)

New to business ownership?  
IRS resources can help  
get you settled.



[irs.gov/business](https://irs.gov/business)







Communications and Liaison

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# Questions

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