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
Travel, Transportation, Entertainment, and Gift Expenses

Proof of certain business expenses:

• Travel
• Entertainment
• Gifts
• Transportation

IRS issues standard mileage rates for 2022.

Learn more at www.irs.gov/news
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

- Employment Tax Recordkeeping
- Maintain for four years
- Pub 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
- Tax 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
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 Publication Resources

- Recordkeeping
- Topic No. 305 Recordkeeping
- Pub 15, (Circular E), Employer's Tax Guide
- Pub 583, Starting a Business and Keeping Records
- Pub 463, Travel, Entertainment, Gift, and Car Expenses
- Pub 225, Farmer's Tax Guide
- IRS.gov – Search keyword “recordkeeping”
Stakeholder Liaison

Donna Beeman
Area 5 Manager

Northern CA Senior Stakeholder Liaisons
- Alexa Lam – San Francisco, San Mateo Counties, and Idaho State
- Eryka Nolen - Contra Costa, Marin Counties, Wyoming, & Montana States
- Keith Kershner – Fresno & Santa Clara Counties
- Rena Newell – Alameda & Sonoma Counties
- Susan Du – Sacramento, Solano, & Napa Counties
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Questions