



Communications & Liaison (C&L)

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





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

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.



 **IRS**

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 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

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- Eryka Nolen - Contra Costa, Marin Counties, Wyoming, & Montana States
- Keith Kershner – Fresno & Santa Clara Counties
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Questions