



D. H. SCOTT & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A LIMITED LIABILITY PARTNERSHIP

Record Retention Guidance: Businesses and Individuals

The following chart provides general guidelines for determining the minimum period records should be retained. Specific retention periods should be determined based on industry requirements and any contract obligations.

| Business Accounting Records | |
|--|-------------------------------------|
| Accounts payable | 7 years |
| Accounts receivable | 7 years |
| Compiled, reviewed or audited financial statement reports (including 401(k) plans) | Permanent |
| Chart of accounts | Permanent |
| Depreciation schedules | Permanent |
| Expense records | 7 years |
| Inventory records | 7 years (permanent for LIFO system) |
| Loan payment schedules | 7 years |
| Purchase orders | 7 years |
| Sales records | 7 years |
| Tax returns | Permanent |

| Business Bank Records | |
|------------------------------|-------------------------------------|
| Bank reconciliations | 2 years |
| Bank statements | 2 years |
| Cancelled checks | 7 years (permanent for real estate) |
| Electronic payment records | 7 years |

| Business Corporate Records | |
|-----------------------------------|------------------------------|
| Business licenses | Permanent |
| Bylaws | Permanent |
| Contracts - major | Permanent |
| Contracts - minor | Life of contract + 4 years |
| Insurance policies | Life of the policy + 3 years |
| Leases | Permanent |
| Mortgages | Permanent |
| Patents | Permanent |
| Shareholder records | Permanent |

| Business Corporate Records (continued) | |
|---|-----------|
| Stock registers | Permanent |
| Stock transactions | Permanent |
| Trademarks | Permanent |
| Employment applications | 3 years |
| Employment taxes | 7 years |
| Payroll records (including retirement plan or other benefit plan sponsored by the organization) | 7 years |

| Business Real Property Records | |
|---|-----------------------------|
| Construction records | Permanent |
| Lease payment records | Life of the lease + 4 years |
| Leasehold improvements | Permanent |
| Real estate purchases (including deeds, building permits and environmental surveys) | Permanent |

| Individual Records | |
|---|----------------------------|
| Divorce documents | Permanent |
| Estate planning documents | Permanent |
| Home improvement receipts | Ownership period + 7 years |
| Home purchase documents | Ownership period + 7 years |
| Income tax returns and all supporting documents | 7 years |

We recommend that business entities develop a Record Retention Policy and an accompanying Record Retention Schedule. In addition, most records can be stored electronically. Please consult with your attorney before choosing to store a document in an electronic format only, as some legal documents require an original signature to be valid.

The following are some general requirements for electronic document storage systems:

- There must be some form of security and internal controls around the documents in order to ensure accuracy, authenticity and reliability of the documents kept in electronic format.
- User restrictions will be maintained so only authorized users have access to sensitive personal information, for example personnel records.
- The records should be in a reasonable order where they can be accessed easily by a user in a timely fashion.
- Any records that require an original paper copy should be stored in a safe and secure environment, with an electronic copy saved for reference purposes.

There are many budget friendly and secure cloud storage services available that can easily facilitate the storage needs of an individual or small business. For a large business, we would recommend a more robust platform. Please consult your IT specialist with any questions regarding secure electronic document storage.