

Abstract: The mountain of paper and electronic records needed to support a tax return may include receipts, bank and investment account statements, K-1s, W-2s, and 1099s. How long must the records be saved? This article provides an overview.

Tax season cleanup: Which records can you toss?

If you've filed your 2024 tax return, you may be eager to do some spring cleaning, starting with tax-related paper and digital clutter. The documentation needed to support a tax return may include receipts, bank and investment account statements, K-1s, W-2s, and 1099s. How long must you save these records? Three years is the general rule. But don't be hasty: Failure to keep a paper trail for the information reported on a tax return could lead to problems if the IRS audits it.

The basics

Generally, the IRS's statute of limitations for auditing a tax return is three years from the return's due date or the filing date, whichever is later. However, some tax issues are still subject to scrutiny after three years. If the IRS suspects that income has been understated by 25% or more, the statute of limitations for audit rises to six years. If no return was filed or fraud is suspected, there's no limit on when the IRS can launch an inquiry.

It's a good idea to keep copies of your tax returns indefinitely as proof of filing. Supporting records — such as canceled checks, charitable contribution receipts, mortgage interest payments, and retirement plan contributions — generally should be kept until the three-year statute of limitations expires. These documents may also be helpful if you need to amend a return.

So, which records can you throw away now? Based on the three-year rule, in late April 2025, you'll generally be able to discard most records associated with your 2021 return if you filed it by the April 2022 due date. Extended 2021 returns could still be vulnerable to audit until October 2025. But if you want extra protection, keep supporting records for six years.

Records to keep longer

You need to hang on to some tax-related records beyond the statute of limitations. For example:

- Retain W-2 forms until you begin receiving Social Security benefits. That may seem long, but if questions arise regarding your work record or earnings for a particular year, you'll need your W-2 forms to help provide the required documentation.
- Keep records related to real estate or investments for as long as you own the assets, plus at least three years after you sell them and report the sales on your tax return (or six years if you want extra protection).
- Hang on to records associated with retirement accounts until you've depleted the accounts and reported the last withdrawal on your tax return, plus three (or six) years.

- Retain records that support figures affecting multiple years, such as carryovers of charitable deductions or casualty losses until they have no effect, plus seven years.
- Keep records that support deductions for bad debts or worthless securities that could result in refunds for seven years because you have up to seven years to claim them.

Feel free to ask us if you're unsure about a specific document.

Retention times may vary

Keep in mind that these are the federal tax record retention guidelines. Your state and local tax record requirements may differ. In addition, lenders, co-op boards and other private parties may require you to produce copies of your tax returns as a condition of lending money, approving a purchase or otherwise doing business with you. Contact us with questions or concerns about tax-related recordkeeping.