

Record-keeping Tips From the IRS Work Sheet

Looking for ways to make tax-time easier this year? Start with your record keeping. You're not required to keep your records in a particular way. Simply keep them in a manner that allows you and the IRS to determine your correct tax. Here are some pointers:

Use your checkbook to track your income and expenses. Your checkbook register should show amounts, sources of deposits and types of expenses.

Hold on to receipts and sales slips that can help prove a deduction.

Keep your records in an orderly fashion. Organize them by year and type of income or expense. Some people prefer to keep all records related to a particular item (a house) in a designated envelope.

Store your records in a safe place. If you don't have a fireproof safe or a safe-deposit box, a locked cabinet in your home may be the next best storage place.

Basic Records

The table shown here lists the most common records you should keep. These documents will help prove your income and expenses.

To order IRS forms, call (800) TAX-FORM, or (800) 829-3676. You can also visit the IRS on the Internet (www.irs.ustreas.gov).

Source: IRS Publication 552, Record-keeping for Individuals

FOR ITEMS CONCERNING YOUR...	KEEP AS BASIC RECORDS...
INCOME	Form(s) W-2 • Form(s) 1099 • Bank statements • Brokerage statements Form(s) K-1 Business income records (if self-employed)
EXPENSES	Sales slips • Invoices • Receipts Canceled checks or other proof of payment
HOME	Closing statements • Purchase & sales invoices for home improvements • Proof of payment • Insurance records • Form 2119 (if you previously sold a home)
INVESTMENTS	Brokerage statements • Mutual fund statements Form(s) 1099 Form(s) 2439 ("Undistributed Long-Term Capital Gains")

Managing Money: Where to Keep Records