



WHAT YOU NEED TO KNOW NOW...

HOW LONG SHOULD I KEEP MY TAX RECORDS?

Each year our clients ask us how long they are required to keep their tax records. The IRS has a Statute of Limitations for all taxpayers, which is, in some cases, a maximum of 10 years. However, most taxpayers can keep records for a shorter time period.

Here are some general rules you can follow for retaining tax documents:

1. Most taxpayers should keep records for three years following the date of filing or the due date of your tax return, whichever is later.
2. If you underreported your income by at least 25% or more, you will need to keep your information for six years.
3. If you file an amended return within three years of the original filing, you will need to keep these records for an additional three years for refunds or two years from the date you paid the tax, whichever is later.
4. As long as the Statute of Limitations is running, in addition to your tax returns, you will need to keep copies of your W-2 forms, IRS 1099 Forms, plus brokerage statements, credit card statements, bank statements, charitable donation statements, and any other records that were used to support deductions or credits that were taken on your return. These documents should be shredded after four years unless circumstances warrant that you are required to keep them for a longer period of time.



Our office keeps electronic copies of our clients' tax returns forever. If you need copies of any year's returns, contact us. If a copy is needed for an outside agency, you will need to sign an authorization giving us permission to divulge your most personal information.

We also keep copies of your W-2 forms. As we continue to upgrade our services, we will be keeping copies of your other major documents as well (e.g., IRS Forms 1099, etc.).

Tax Records You Need to Keep Forever

1. Sale and purchase of your home, vacation home, or purchase of investment property.
 2. Copies of deeds, titles, mortgages, loan documents, and original cost (also called the basis) of capital improvements to these premises.
 3. Information on assets received as a gift or inheritance. These assets become part of your estate and determine the basis if and when these assets are sold, gifted, or bequeathed.
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PRACTICAL IDEAS FOR AVOIDING TAX SCAMMERS

It seems that we all hear about another scam each week. Tax scams are some of the worst. These scammers attack the most vulnerable of our citizens. Many of these scams are perpetrated from foreign locations. Here are some practical ideas to reduce and possibly avoid these schemes:



1. **Invest in a good cross-cut shredder.** These machines are not that expensive. Shred any mail that has your name or a bar code on the document. Shred magazine labels since they also have important personal information.
2. **Shred your financial documents and old tax returns** when they are no longer needed.
3. **Change your passwords periodically** on all bank and financial accounts. I know this can be a pain and time consuming, but doing this will keep you one step ahead.
4. **Never use a public Wi-Fi** when accessing personal financial accounts. Wi-Fi areas mean that your information is in the public domain. Scammers use sophisticated scanners to obtain this information.
5. **Never give your Social Security Number** to anyone over the phone. If your Social Security Number is required, you can give the last 4 digits only.
6. **If you receive a phone solicitation** and the deal sounds too good to be true hang up.
7. **Check your credit rating frequently.** Many credit cards now provide credit reports. You can also request a free credit report from each of the three credit reporting agencies, after answering personal questions to verify your identity. These free reports are available from each agency once a year. Here's how this works to your benefit:
 - In one month, (September, for example) contact **Equifax (800-525-6285)** to request your annual report.
 - Four months later (January), contact **Experian (888-397-3742)** to request a report.
 - Four months later (May), contact **Transunion (800-680-7289)** to request an annual report.
 - The following September, request the Equifax report again. Make sure you request the report one day later than the first time. Otherwise, you will not qualify for the free report.
8. **Finally, please remember the IRS will never call you or email you.** The IRS only communicates through the US Postal System.

If you've had your identity stolen, please contact us immediately so we can provide you with guidance on how to proceed.

**Thank You
for
Your Business**

As always, please do not hesitate to contact us with any questions or concerns you may have about any issues covered in the newsletters or any other issues important to you. Your business continues to be appreciated.

We are committed to improving our clients' financial well being.

Please call us with your tax and financial questions.
Steinberg Enterprises provides confidential, convenient services based on over 27 years of practical financial management and tax experience.

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