Business Record Retention Guide 2026

How long to keep tax, payroll and business records - and how to clean out safely

How to use this kit

1 **Pick a record**
Open Keep-Until Calculator. Choose the record type and tax year.

2 **Read the date**
The green box shows the keep-until date and KEEP or OK to review.

3 **Clean out**
List every box in Records Inventory, then follow the checklist.

What's inside

- Excel workbook (6 tabs): Start Here, Keep-Until Calculator, Records Inventory, Scenarios, Year-End Checklist, Rules
- This PDF guide: retention chart, how the clock works, 3 worked scenarios, edge cases and a clean-out checklist
- Works in Excel and Google Sheets (no macros). Values in the files are examples.

Who this is for

- Owners of small businesses, sole proprietors, S-corps, partnerships and single-member LLCs
- Anyone with employees (payroll, Form I-9, time cards)
- Owners with foreign bank accounts who file an FBAR

Not tax or legal advice. This guide explains general federal rules as of November 2026. It is educational only and is not tax, legal or accounting advice. Your state, lender, insurer, landlord or a court may require longer periods. If you are under audit, in a dispute or unsure, keep the records and ask a qualified professional.

Privacy: the workbook never asks for SSNs, account numbers or passwords. Use folder labels only.

Built by a US tax and bookkeeping practice with 20+ years of bookkeeping experience.

Personal-use license: use for your own business. Do not resell or share the files.

The retention chart (federal)

Record	Keep for	Clock starts	Source
Copies of filed tax returns	**Permanently (recommended)**	-	IRS
Income & expense records (receipts, invoices, bank and card statements)	**3 years**	Return filed, or due date if filed early	IRS
Records for a refund claim or amended return	**3 yrs after filing or 2 yrs after paying (later)**	Original return / tax paid	IRS
Asset records (purchase, improvements, depreciation)	**While owned + 3 years**	Return for the year you sell	IRS
Employment tax records (941, 940, W-2, W-4, deposits)	**At least 4 years**	Tax due or paid (later)	IRS
Qualified sick/family leave and ERC wage records	**At least 6 years**	Tax due or paid (later)	IRS
FLSA payroll records (pay, hours, totals)	**3 years**	Record date	DOL
Time cards, wage-rate tables	**2 years**	Record date	DOL
Form I-9	**3 yrs after hire or 1 yr after leaving (later)**	Hire / last day	USCIS
FBAR (foreign account) records	**5 years**	April 15 of the next year	FinCEN

Special situations that make the period longer

Situation	Keep income records
You left out income that is more than 25% of the gross income on the return	**6 years**
You left out income from foreign financial assets of more than $5,000	**6 years**
You claimed a loss from worthless securities or a bad debt deduction	**7 years**
You did not file a return, or filed a fraudulent return	**Indefinitely**

> The workbook uses the end of a calendar year for FLSA and time-card records, so every record from that year is covered.

How the clock works

Early filing does not start the clock early. A return filed before its due date is treated as filed on the due date. A 2022 Schedule C filed on March 1, 2023 counts as filed on the due date (April 18, 2023).

Late or extended filing starts it later. If you filed on October 15 on extension, the 3 years run from October 15.

Due dates move to the next business day. When the 15th falls on a weekend or a DC Emancipation Day holiday, the due date moves. The workbook does this for you. This only adds a day or two, which is the safe side.

Payroll uses the later of due or paid. For a year's payroll, the last return (Q4 Form 941) is due January 31. If you paid late, the 4 years start on the day you paid.



Example: 2022 income records of a sole proprietor, filed early. Keep until April 18, 2026.

The formulas (so you can check by hand)

1. Due date = the 15th of the 4th month (1040 / 1120) or the 3rd month (1120-S / 1065), moved to the next business day
2. Keep until = later of (due date, date filed) + years
3. Refund claim: keep until = later of (filing date + 3 yrs, date paid + 2 yrs)
4. Payroll: keep until = later of (January 31 next year, date paid) + 4 years
5. Form I-9: keep until = later of (hire + 3 yrs, last day + 1 yr)
6. FBAR: keep until = April 15 of the next year + 5 years

Three worked scenarios (examples, clean-out date 12/31/2026)

A. Nail salon, sole proprietor

Record	Keep until	Status
2022 receipts, filed early 3/1/2023	**4/18/2026**	OK to review
2023 receipts, filed on extension 10/15/2024	**10/15/2027**	KEEP
2021 receipts, cash income under-reported by more than 25%	**4/18/2028**	KEEP

B. Restaurant S-corp with employees

Record	Keep until	Status
2022 S-corp books, filed on extension 9/12/2023	**9/12/2026**	OK to review
2022 payroll (941, W-2), paid on time	**1/31/2027**	KEEP
2022 Q4 Form 941 paid late on 5/20/2023	**5/20/2027**	KEEP
2023 time cards	**12/31/2025**	OK to review
Form I-9: hired 3/1/2021, left 6/30/2025	**6/30/2026**	OK to review

C. Owner with a Korea account, a sold building and a bad debt

Record	Keep until	Status
Building basis records (sold in 2025, filed 4/10/2026)	**4/15/2029**	KEEP
2023 bad debt deduction	**4/15/2031**	KEEP
FBAR records for 2020	**4/15/2026**	OK to review
2024 amended return (filed 4/15/2025, paid 2/10/2026)	**4/15/2028**	KEEP
A year with no return filed	**Indefinitely**	KEEP

> The Scenarios tab repeats these rows with live formulas and a hand-check column. Every row shows OK.

Real-world cases and edge cases

IRS letter, audit or lawsuit open	Keep everything for that year until it is fully closed, even past the normal date.
Carryovers	Net operating losses, capital loss carryovers and depreciation affect later returns. Keep the records until the period ends for the last return that uses them.
Assets you still own	Keep purchase and improvement records for as long as you own the asset, then 3 years after the return for the year of sale.
Like-kind exchange	Keep the old property's basis records until the period ends for the year you sell the new property.
Amended return	Keep records 3 years from the original filing or 2 years from payment, whichever is later.
Disaster postponement	If the IRS postponed your deadline, file and keep records using the later date.
State rules	Many states have their own periods. Enter extra years in the optional box if your state needs longer.
Lender, insurer, landlord	Loan, insurance and lease agreements may require longer. Check before you shred.
Former employees	Keep Form I-9 until the later of 3 years after hire or 1 year after the last day.
Scanned copies	Keep scans complete and readable, and back them up in two places.
Year with no return	If a required return was never filed, the IRS clock does not run. Keep those records indefinitely.

Never shred these

- Filed tax returns and IRS notices
- Formation papers, EIN letter, operating agreement, bylaws, minutes
- Asset purchase records for anything you still own
- Records tied to an open audit, claim or lawsuit

Year-end clean-out checklist

☐ Pick a clean-out date after this year's returns are filed.

☐ List every paper box and digital folder in Records Inventory.

☐ Mark special situations (under-reported income, bad debt, no return).

☐ Keep anything tied to an audit, IRS letter, lawsuit or claim.

☐ Keep basis and carryover records until the related year closes.

☐ Ask your state, lender, landlord and insurer if they need longer.

☐ Scan what you want to keep and check the scans are readable.

☐ Shred papers with SSNs or account numbers (cross-cut or a service).

☐ Wipe or destroy old drives and phones that hold records.

☐ Write down what you destroyed and when.

Shredding safely

- Use a cross-cut shredder or a shredding service that gives a certificate.
- Do not put papers with SSNs or account numbers in recycling.
- Before you dispose of a computer or phone, wipe it or physically destroy the drive.
- Keep a destruction log: date, folder, method, initials.

Sources (checked November 2026)

- IRS - How long should I keep records? (irs.gov/businesses/small-businesses-self-employed/how-long-should-i-keep-records)
- IRS - Topic 305, Recordkeeping (irs.gov/taxtopics/tc305)
- IRS - Employment tax recordkeeping (irs.gov/businesses/small-businesses-self-employed/employment-tax-recordkeeping)
- US DOL - Fact Sheet #21, FLSA recordkeeping (dol.gov/agencies/whd/fact-sheets/21-flsa-recordkeeping)
- USCIS - Handbook for Employers M-274, 10.0 Retaining Form I-9 (uscis.gov)
- FinCEN - Record Keeping, FBAR (fincen.gov/record-keeping)

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