



RULES OF GOOD RECORDKEEPING

1. **Keep Up-to-Date Records** - Records are much more valuable to you, your tax preparer, and the IRS if they are kept up to date.
2. **Track Business Income** - Often we think just about expenses. But it is also important to keep good income records. Consider developing a payment received log.
3. **Save and Organize Receipts** - Set up a system and save and mark receipts that are related to your business. Also, keep an expense log to make adding up the total easier. Tax preparation is easier and faster if records are sorted by type of expense, not by date.
4. **For Day Care Providers, Record the Number of Meals Served** - Unless you are certain that you want to keep receipts for actual food costs, record the number of meals you serve each day. Write down the name of each child and the type and number of meals and snacks the child received.
5. **Review Your Records on a Regular Basis** - Conduct a monthly review of your records to make sure they are accurate and complete. If you find an item is missing that should have been recorded (for example, you forgot to get a receipt for a business expense), make one of your own to remind you of the expense. If you have trouble in coming up with monthly totals for your income or expenses, you may need to try a different method for keeping your records.
6. **Track Your Time** - Write down the number of hours you spend working. You may be surprised at how many hours you work. You also may need this information at tax time.
7. **Reconstruct Immediately** - If you have not kept records this year so far, sit down with a calendar and notebook. Write on your calendar the estimated hours you worked, the income you received, the miles you drove for business, and items you purchased. Include as much detail as you can. Do it now! Your memory will not be better tomorrow. Do this any time during the year if your record-keeping slips.
8. **Save Your Tax Records for at Least Three Years** - Generally, the IRS has up to three years from the due date of a tax return to examine the return and any supporting records.

Visit www.communitytaxcenters.org for more information.