

The Quickfinder Tax Tips Newsletter

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Recordkeeping for Individuals

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<p>This table describes the records that should be kept for certain common tax situations. These are in addition to basic records such as Form 1098 showing mortgage interest paid, Form 1099-INT and DIV showing interest and dividends received and receipts or other proof showing expenses paid. Records normally should be kept for at least three years but some, such as records relating to business or real property, should be kept until three years after the property is sold or disposed in a taxable disposition.</p>	
Item	Description of Records Needed
Alimony	Individuals who receive or pay alimony should keep a copy of their written separation agreement or the divorce, separate maintenance or support decree. Individuals who pay alimony will also need to know their former spouse's Social Security number.
Business Use of a Home	Certain expenses connected with the business use of a taxpayer's home may be deductible. Taxpayers should keep records that show the part of their home used for business and, if the safe harbor method is not elected, the expenses related to that use.
Casualty and Theft Losses	<p>For a casualty loss, the taxpayer's records should show:</p> <ul style="list-style-type: none">• The type of casualty (car accident, fire, storm, etc.) and when it occurred.• That the loss was a direct result of the casualty.• That the taxpayer was the owner of the property. <p>For a theft loss, the records should show:</p> <ul style="list-style-type: none">• When it was discovered that the taxpayer's property was missing.• That the taxpayer's property was stolen.• That the taxpayer was the owner of the property.
Child Care Credit	Taxpayers must give the name, address and taxpayer identification number for all persons or organizations that provide care for their child or dependent. Form W-10, <i>Dependent Care Provider's Identification and Certification</i> , or various other sources can be used to get the information from the care provider.

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<p>Credit for the Elderly or the Disabled</p>	<p>Taxpayers under age 65 must have their physician complete a statement certifying that they were permanently and totally disabled on the date they retired. This statement is not filed with the tax return, but should be kept with the taxpayer's records. If the Department of Veterans Affairs (VA) certifies that the taxpayer is permanently and totally disabled, VA Form 21-0172, <i>Certification of Permanent and Total Disability</i>, can be substituted for the physician's statement.</p>
<p>Education Expenses</p>	<p>Potential benefits related to education expenses include income exclusion for items such as a qualified scholarship, interest on U.S. savings bonds or employer reimbursements. Taxpayers may also qualify for certain credits or deductions. Documents such as transcripts or course descriptions that show periods of enrollment and canceled checks and receipts that verify amounts spent on tuition, books and other educational expenses should be retained. Form 1098-T, <i>Tuition Statement</i> (filed with the IRS by the educational institution, with a copy to the taxpayer), should also be retained.</p>
<p>Exemptions</p>	<p>Taxpayers claiming an exemption for a qualifying relative under a multiple support agreement must get a signed statement from all other eligible individuals who could claim the exemption.</p>
<p>Health Care</p>	<p>Taxpayers must keep records of the health care coverage maintained (either employer provided or, if private coverage, premiums paid and type of coverage purchased) during the year for themselves and their family. Taxpayers will need to show they maintained the required minimum essential coverage unless exempt (retain certificate of exemption or other documentation). For each qualified medical expense paid with a Health Savings Account (HSA) or Medical Savings Account (MSA) distribution, the taxpayer must keep a record of the name and address of each person paid and the amount and date of the payment.</p>
<p>Individual Retirement Arrangements (IRAs)</p>	<p>Keep copies of the following forms and records until all distributions are made from the IRA(s):</p> <ul style="list-style-type: none"> • Form 5498, <i>IRA Contribution Information</i>, or similar statement received for each year showing contributions made, distributions received and the value of the taxpayer's IRA(s). • Form 1099-R, <i>Distribution From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</i>, received for each year a distribution is received. •

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	Form 8606, <i>Nondeductible IRAs</i> , for each year a nondeductible IRA contribution is made or year an IRA distribution is received if the taxpayer ever made nondeductible contributions.
Mortgage Interest	If the taxpayer paid mortgage interest of \$600 or more, he should receive Form 1098, <i>Mortgage Interest Statement</i> . This form and the taxpayer's mortgage statement and loan information should be retained.
Pensions and Annuities	Each worksheet (from the tax return instructions) prepared with the tax return to figure the taxable part of any pension or annuity should be retained until the taxpayer's contributions are fully recovered.
Taxes	<p>Form(s) W-2 and Form(s) 1099-R show state income tax withheld from wages and pensions. Copies of these forms should be retained to prove the amount of state withholding. Taxpayers who made estimated state income tax payments should keep a copy of the form or check(s). Taxpayers may also need to keep copies of their state income tax returns. If they received a refund of state income taxes, the state may send them Form 1099-G, <i>Certain Government Payments</i>.</p> <p>Taxpayers should keep mortgage statements, tax assessments or other documents as records of the real estate and personal property taxes paid.</p> <p>Taxpayers who deduct actual state and local general sales taxes instead of using the optional state sales tax tables must keep their actual receipts showing general sales taxes paid.</p>
Tips	Taxpayers must keep a daily record to accurately report tips on their return. They can use Form 4070A, <i>Employee's Daily Record of Tips</i> , which is found in IRS Publication 1244, <i>Employee's Daily Record of Tips and Report to Employer</i> , to record their tips.