

Do You Keep Your Old Tax Returns

Do you keep your tax returns on file for two years? For six years? What does the IRS require? If your taxes are being audited, how far back can it ask for your records? The time frame is usually three years for unreported income. Many people agree that documents should be kept for six or seven years. However, you might want to keep real estate sales documents for a very long time!

Below are reasons why the IRS can look beyond three years:

- Filing a false return
- Willful attempt to avoid tax (“fraud”)
- No return filed in a particular year
- Termination of a private foundation status
- Substantial omission of items (generally defined as over/under reporting of income by 25%)
- Extension by Agreement (an agreement between the IRS and the taxpayer)

NOTE: The statute of limitations is defined as from the time you filed the return (or from April 15th, if you filed early)