

Doron F. Eghbali Business Planning Law Blog on Lawyers.com

[The Records You Need to Keep for Your Business](#)

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For IRS and your own understanding of how your business have done, you need to keep records of your business. However, what are these records? Do you need to keep every receipt your business gives and receives or some types of records? Although the answer to this question somewhat differs from business to business, there are some records most business are advised to keep. Here is a brief summary of what you need to keep for your business.

1. GROSS RECEIPTS

These are the income your business receives. You should keep supporting documents that show the amounts and sources of the gross receipts. Here are some of the supporting documents:

1. Cash Register Tapes
2. Invoices
3. Credit Card Charge Slips
4. Bank Deposit Slips
5. Receipt Books
6. Forms 1099-MISC

2. PURCHASES

These are the items you buy and resell to customers. Your supporting documents should should show the amount purchased and the amount was for purchases. Some of those supporting documents include:

1. Canceled Checks
2. Cash Register Tape Receipts
3. Credit Card Sales Slips
4. Invoices

3. EXPENSES

These are the costs you incur to maintain your business. Your supporting documents should show how much you paid and the costs were business related.

1. Credit Card Sales Slips
2. Account Statements

3. Invoices
4. Canceled Checks
5. Petty Cash Slips for Small Cash Payments
6. Cash Register Tapes

4. EXPENSES FOR TRAVEL, TRANSPORTATION, GIFT AND ENTERTAINMENT

You must be able to substantiate certain expenses you want to deduct. You need to keep records of anything related to them. For additional information on how to prove Travel, Entertainment, Transportation, and Gift expenses, refer to IRS Publication 463.

5. ASSETS

To prove depreciation of your business-related equipment, machinery and furniture, you need to keep the receipts of how much your business or paid for them in which year. This information is also crucial to prove any gain or loss when you sell the assets.

6. EMPLOYMENT TAXES

Here are what you need to keep, this is verbatim from the IRS website:

- Your employer identification number.
- Amounts and dates of all wage, annuity, and pension payments.
- Amounts of tips reported.
- The fair market value of in-kind wages paid.
- Names, addresses, social security numbers, and occupations of employees and recipients.
- Any employee copies of Form W-2 that were returned to you as undeliverable.
- Dates of employment.
- Periods for which employees and recipients were paid while absent due to sickness or injury and the amount and weekly rate of payments you or third-party payers made to them.
- Copies of employees' and recipients' income tax withholding allowance certificates (Forms W-4, W-4P, W-4S, and W-4V).
- Dates and amounts of tax deposits you made.
- Copies of returns filed.
- Records of allocated tips.
- Records of fringe benefits provided, including substantiation.

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