

What documents should I save?

Here is a general list of documents commonly saved by businesses to document their income and expenses on their tax returns. While this is not a complete list of all documents used it is intended as a guide as to common forms of documentation used by businesses when preparing their tax return.

SALES or INCOME:

Your sales or income documents should declare the source and the amount of sales or income. The following are some of the common sales and income documents accepted by the IRS.

Cash register tapes	Bank Deposit slips
Receipt books	Invoices
Credit Card charge slips	Forms 1099-MISC

PURCHASES:

Purchases are generally items you buy as raw material or for intent to resell and should document the amount paid and if you paid sales tax or not.

Canceled checks	Cash register receipts
Credit Card sales slips	Invoices

EXPENSES:

Expenses are costs incurred to operate your business. Documents should denote the amount paid as well as that it's intent was for business.

Canceled Checks	Cash register receipts
Account Statements	Credit Card sales slips
Invoices	Petty cash receipts for small purchases

With the increase in electronic transactions, it is often acceptable to have the bank and credit card statements summarize the income through deposits in to the bank as well as the expenses in the debit card or credit card transaction record. Depending on your industry this may be sufficient documentation. To find out if using your statements is acceptable in your industry contact us at TaxPro.