

Sy Accountancy Corporation

Member, American Institute of CPAs

704 Mira Monte Place, Pasadena, California 91101

Tel (626) 744-0200 • Fax (626) 744-0300 • vsy@victorsycpa.com • www.victorsycpa.com

HOW LONG MUST EMPLOYERS KEEP RECORDS?

By Victor Sy, CPA, MBA

Some of us are file rats, keeping every document every year for every conceivable transaction. On the other hand, some of us just hate paper files and throw every receipt, invoice, or paper that comes our way. There must be some sense, some balance between minimizing paper files and retaining some records for future use in case government agencies come knocking at your door. Let's review 10 rules for employers.

1. [Internal Revenue Service](#) - four years after the payment, deduction of taxes, or due dates of returns. This includes any record relating to payments to employees, employer tax reports, and deposits - covering federal income tax withholding, social security, Medicare, and FUTA taxes.
2. [U.S. Department of Labor](#) (Fair Labor Standards Act) - three years from date of last entry. Records must be kept on all employees including name, home address, date of birth if under 19, gender, and occupation, rate of pay, hours worked, earnings, dates of payment, and periods covered.
3. [Immigration Reform and Control Act](#) - three years from date of hire and one year from date of termination. This includes INS Form I-9 (Employment Eligibility Verification Form).
4. [Employment Retirement Income Security Act \(ERISA\)](#) - six years from filing date of documents. This includes plan documents, reports, resolutions, vouchers, and worksheets.
5. [Occupational Safety and Health Act \(OSHA\)](#) - five years after end of year to which records relate. Keep log and summary of occupational injuries and illnesses with brief descriptions of injury and illness, extent and outcome of each incident, and summary totals for each calendar year.
6. [Age Discrimination in Employment Act](#) - three years. Keep payroll and other records of employee name, address, date of birth, occupation, rate of pay, and compensation per week.
7. [Americans With Disabilities Act](#) - one year after the date record was made or personnel action taken, whichever is later. Keep application forms and records concerning hiring, promotion, demotion, transfer, layoff, termination, rates of pay or other terms of compensation, and selection for training or apprenticeship.
8. [State Unemployment Insurance for California](#) - four years. Keep employee's name, address, social security number, dates of hire, separation, rehire, payments dates for cash or non-cash wages, dates and hours worked.
9. [State Income Tax Records for California](#) - four years from the date taxes are filed, paid, or due, whichever is later. You may maintain records on magnetic tape, microfilm, diskettes, drum, or DVD instead of bulky space-consuming paper files. Note that the average state requires records to be kept for four years. Some states require three years (Hawaii, Idaho, Indiana, etc.) or five years (Alabama, Iowa, Montana, New Jersey, etc). The longest is eight years for Minnesota.
10. **Conclusion:** If you want to be safe, keep records for at least the number of years indicated above. If in doubt - keep. Better yet, consult with your accountant, enrolled agent, CPA, or lawyer.