

A PRACTICAL RESOURCE FOR SMALL-BUSINESS OWNERS

Small Business Records Retention Guide

Keep the records that explain your business. A thoughtful retention system helps you support filings, answer questions, and find the details you need with confidence.

Recommended Retention Categories

These categories are **bookkeeping best practices**, not a universal legal schedule. The rules and circumstances on pages 3-4 determine when a record may be destroyed.

CATEGORY	COMMON EXAMPLES / APPROACH
Keep permanently	Core formation and ownership records, EIN documentation, and final filed tax returns (recommended practice).
Keep while active, plus an appropriate period afterward	Property basis records, loans, contracts, leases, policies, and claims. Start the after-period from the relevant disposition or other event.
Keep according to applicable tax or employment rules	Transaction support, tax filings, payroll, wage and time records. Apply every relevant rule and preserve records for the longest applicable period.
Keep until reconciled / replaced only when no longer needed	Duplicate downloads, temporary working copies, or superseded drafts. Keep the final record and its supporting evidence. Reconciliation alone does not justify deleting receipts or statements.

Important

Record-retention requirements vary based on the type of record, tax situation, business structure, industry, employment obligations, and applicable federal, state, and local law. This guide is for general informational purposes and is not legal or tax advice. When uncertain, consult the appropriate tax or legal professional before destroying business records.

EVERYDAY BOOKKEEPING

Records behind the numbers

Keep the trail from each transaction to your books and reports. A summary is useful; the underlying evidence makes it supportable. [1, 2]

Financial and Accounting Records

Keep: Bank statements; credit-card statements; general ledger and accounting records; reconciliation reports; Profit & Loss Statements; Balance Sheets; cash-flow reports; journal entries and supporting documentation.

Why it matters: Explain balances, track performance, and connect reported totals to individual transactions.

Retention approach: Retain records supporting tax amounts through the applicable tax period. As a best practice, preserve final annual financial reports and year-end ledgers for the life of the business; keep source documents under the applicable rules.

Income and Sales Records

Keep: Customer invoices; sales receipts; deposit records; merchant processor statements; accounts receivable records; records of refunds, credits, and chargebacks.

Why it matters: Support income and sales-tax reporting, explain deposits, and document open customer balances.

Retention approach: Follow the tax rules that apply to each transaction. Keep unresolved receivables and disputes active; preserve sales-tax exemption support when relevant. Nebraska sales-tax rules are summarized on page 3. [4]

Expense and Vendor Records

Keep: Vendor invoices; purchase receipts; accounts payable records; contractor records; W-9 forms; 1099 information-return records; documentation supporting deductible business expenses.

Why it matters: Show what you purchased, the business purpose, who was paid, and the basis for deductions and information reporting.

Retention approach: Follow applicable tax and information-return rules. Keep W-9s with related payment and reporting records; review separate backup-withholding obligations when relevant. Retain unpaid balances and disputes until resolved, plus the applicable period.

A practical filing habit

Store the invoice or receipt with payment evidence and a clear business-purpose note when needed. A bank or card statement alone may not establish a deductible expense. [2]

TAX AND EMPLOYMENT RULES

Use the right retention clock

Payroll and Employment Records

Keep: Payroll reports, payroll tax filings, employee wage records, W-2 and W-3 records, employee reimbursement records, employment tax payment records, and timekeeping records when applicable.

Why: Support wages, reimbursements, withholding, tax deposits, and hours worked. Multiple federal and state rules can apply to the same file. Check Nebraska unemployment, wage, personnel, benefits, and other employment obligations separately.

Federal employment tax: Keep at least **4 years** after the tax becomes due or is paid, whichever is later. [1] **FLSA:** For covered employers, payroll records generally require **3 years**; wage-calculation support, such as time cards and schedules, generally requires **2 years**. [3]

Nebraska withholding: Copies of forms filed with the Department and documents furnished to employees require at least **3 years**. Records for a balance-due or proposed-deficiency year must remain until the matter is resolved and final. This does not shorten federal requirements. [5]

Tax Records

Keep: Federal income-tax returns; state and local tax returns; sales-tax returns; payroll-tax filings; estimated tax payment records; tax notices and correspondence; documentation supporting deductions, credits, income, and other reported amounts.

Federal income-tax support [1]: Generally **3 years**, measured from filing (early returns are treated as filed on the due date). For a later credit or refund claim, keep for 3 years from filing the original return or 2 years from paying the tax, whichever is later. Keep **6 years** if omitted income exceeds 25% of gross income reported; **7 years** for a claim involving worthless securities or a bad-debt deduction. Keep indefinitely for an unfiled or fraudulent return.

Nebraska sales and use tax [4]: At least **3 years after filing**, and while a refund claim or deficiency-redetermination petition is pending. A 6-year deficiency window can apply to an unfiled proper return or a deficiency exceeding 25% of the tax stated; confirm longer retention when relevant. Other state and local taxes need their own review.

Before applying any deadline

Keep filed returns permanently as a recommended practice. Suspend destruction for an audit, notice, claim, litigation, or other hold. Confirm the start date, exceptions, and all applicable rules with your tax or legal professional.

LONG-TERM BUSINESS RECORDS

Keep the history that matters

Assets and Property

Keep: Equipment and vehicle purchase records; real-estate records; depreciation schedules; improvement records; asset sale, trade, or disposal records; supporting documents establishing cost basis.

Why it matters: Establish cost basis, depreciation, and gains or losses.

Retention approach: Keep throughout ownership and until the tax limitation period expires for the disposition year. For a nontaxable exchange, retain the old property records needed for the replacement property. Other legal needs may extend retention. [1]

Loans and Financing

Keep: Loan agreements; promissory notes; lines-of-credit agreements; loan statements; amortization schedules; equipment-financing records; principal and interest payment records.

Why it matters: Explain liabilities, payment allocations, interest expense, and payoff status.

Retention approach: Best practice: retain while active, then through applicable tax, contract, and claim periods. Preserve payoff and lien-release evidence; confirm lender requirements.

Corporate and Business Formation Records

Keep: Articles of Organization or Incorporation; operating and partnership agreements; EIN documentation; business licenses; state registrations; ownership records; meeting minutes or resolutions when applicable.

Why it matters: Document legal identity, ownership, authority, and business history.

Retention approach: Best practice: keep core formation, governing, EIN, ownership, and governance records permanently, including amendments. Keep licenses and registrations for the life of the business, with renewals; confirm any post-closure obligations.

Contracts and Insurance

Keep: Client contracts; vendor contracts; lease agreements; insurance policies; insurance claims; significant business agreements.

Why it matters: Document responsibilities, coverage, rights, and the history of claims.

Retention approach: Retain for the life of the agreement or coverage, plus applicable limitation periods and other legal requirements. Claims or coverage issues can require older policies; obtain legal or insurance guidance before disposal.

SECURE AND ACCESSIBLE

Digital Records Are Records Too

Electronic copies can often be appropriate when accurate, complete, readable, securely stored, and readily retrievable. The retention obligations still apply. [2]

Build a dependable digital system

Use consistent file names. Try 2026-03-31_BankName_Checking-1234_Statement.pdf. Avoid sensitive identifiers in file names.

Organize by year and category. Use folders for banking, sales, expenses, payroll, taxes, assets, and legal records. Keep permanent records separately.

Back up important records. Maintain a separate, protected backup and test restoration. Export essential records before closing an account or changing software.

Control access. Limit access to people who need it. Use strong passwords, multifactor authentication, and appropriate encryption.

Share securely. Use a secure document portal or protected sharing link; review recipients and access settings.

Check readability and retrieval. Periodically open stored documents and test searches. Confirm scans include every page and that exports retain useful detail.

Before replacing originals: confirm the electronic system meets applicable requirements and test that documents reproduce accurately. Some originals may still be needed for legal or other purposes. [2]

Protect Sensitive Information

Financial records may contain bank account numbers, Social Security numbers, tax identification numbers, payroll data, and other sensitive information. Store these records securely and do not transmit them through public website forms or unsecured email when a secure method is available.

Make disposal a deliberate step

Best practice: keep a written schedule listing the record category, applicable rule, start date, review date, and storage location. Check for holds before destruction. Shred paper and securely delete approved electronic copies, accounting for backups and service-provider retention.

REFERENCE AND NEXT STEPS

Good recordkeeping supports good bookkeeping.

An organized retention system makes it easier to answer questions, support tax filings, prepare financial reports, and locate important information when it is needed.

Need help keeping your financial records organized?

Schedule a Consultation.

www.highplainsbookkeeping.com

Official guidance and sources

Guidance checked October 5, 2026. Numbered references connect this guide to the sources below. Agency rules may change; confirm the guidance that applies before destroying records.

[1] IRS - How long should I keep records?

Federal income-tax periods, employment tax timing, and property records.

<https://www.irs.gov/businesses/small-businesses-self-employed/how-long-should-i-keep-records>

[2] IRS - Publication 583

Recordkeeping, supporting documents, and electronic storage requirements.

<https://www.irs.gov/publications/p583>

[3] U.S. Department of Labor - Recordkeeping

FLSA payroll and wage-calculation record periods for covered employers.

<https://beta.dol.gov/policy-regulations/pay-benefits/wages-hours/wages-flsa/recordkeeping>

[4] Nebraska Department of Revenue - Sales and Use Tax

REG-1-008, especially 008.07: retention and deficiency-window exceptions.

<https://revenue.nebraska.gov/about/chapter-1-sales-and-use-tax>

[5] Nebraska Department of Revenue - Income Tax Withholding

REG-21-013.05: copies of filed forms, employee documents, and unresolved tax matters.

<https://revenue.nebraska.gov/about/chapter-21-income-tax-withholding>

A note on recommended practices

Permanent archives, folder structures, backups, and disposal reviews are practical recommendations. They do not replace tax, employment, contractual, industry, or legal requirements. Consult the appropriate professional when the rule or retention clock is uncertain.