

## ■ WHAT RECORDS SHOULD I KEEP?

Each year we are asked by our clients what records should be kept by individuals, by businesses, and how long these records should be kept. Generally, you should keep any and all documents that may have an impact on your tax return. The Internal Revenue Service says that records do not need to be kept in any particular manner. Designating one place to keep all tax documents and receipts is a great first step to start or maintain a system that works for you. Remember, your system will work only if it is simple enough to maintain consistently.

**Individuals** should keep the following records for at least four years:

- 📁 Bills
- 📁 Credit card and other receipts
- 📁 Invoices
- 📁 Mileage logs
- 📁 Cancelled, imaged or substitute checks or any other proof of payment
- 📁 Any other records to support deductions or credits you claim on your return (i.e. contribution and medical receipts)

**Records related to property** should be kept until at least four years after the date of sale or disposition. These records include:

- 📁 A home purchase or improvement
- 📁 Stocks or other investments
- 📁 Individual Retirement Arrangement transactions
- 📁 Rental property records

**Small business owners** must keep all employment tax records for at least four years after the tax becomes due or is paid, whichever is later. Additional records business owners should keep (in digital or paper form) include:

- 📁 **Gross receipts:** cash register tapes, bank deposit slips, receipt books, invoices, credit card charge slips and Forms 1099-MISC.
- 📁 **Proof of purchases:** cancelled checks, cash register tape receipts, credit card sales slips and invoices
- 📁 **Expense documents:** cancelled checks, cash register tapes, account statements, credit card sales slips, invoices and petty cash slips for small cash payments
- 📁 **Documents to verify your assets:** purchase and sales invoices, real estate closing statements and cancelled checks.

The IRS offers excellent recordkeeping publications which you may find helpful:

- 📖 Publication 552: Recordkeeping for Individuals (<http://www.irs.gov/publications/p552/index.html>),
- 📖 Publication 583: Starting a Business and Keeping Records (<http://www.irs.gov/publications/p583/index.html>),
- 📖 Publication 463: Travel, Entertainment, Gift and Car Expenses (<http://www.irs.gov/publications/p463/index.html>)

Please contact us if we can provide you with assistance in organizing your small business or individual tax records. We know that getting started is half the battle and we are here to help.



## ■ FLORIDA ANNUAL REPORT FILINGS DUE MAY 1ST

Florida corporate entities, partnerships, and limited liability companies must file a Florida Annual Report by May 1<sup>st</sup> of each year. Promptness pays: those filing after May 1<sup>st</sup> are subject to a \$400 late fee which cannot be waived or abated. Visit <https://efile.sunbiz.org/ubr001.html> and enter your 12 digit document number to review your company's information and submit your report online. Need further instructions? An overview of the annual report process and step by step filing instructions are available online at [https://efile.sunbiz.org/sbs\\_ar\\_instr.html](https://efile.sunbiz.org/sbs_ar_instr.html).

The Department of State may administratively dissolve your business for failure to file its annual report, so mark the due date on your calendar today. We are glad to assist if you have questions about this reporting requirement or other business matters.

## ■ COST BASIS REPORTING FOR ETFs and DRIPs

On January 1, 2012, mandatory cost basis reporting enacted by The Emergency Economic Stabilization Act of 2008 was extended to include mutual funds, exchange traded funds (ETFs) and dividend reinvestment plans (DRIPs). Should you hold these types of investments, please be aware that you will receive a new Form 1099-B early this year. In addition, you may receive communication from your broker asking for an election on the cost basis method to be used for your funds.

Please contact our tax professionals if you have questions regarding your personal tax circumstances or the new reporting requirements.

## ■ FILE FAFSA EARLY FOR BEST STUDENT FINANCIAL AID

Do you have a child or dependent who will attend college for the first time this year? If so, be sure to file the Free Application for Federal Student Aid (FAFSA) as soon as possible. Some federal aid programs operate on a first-come, first-serve basis. Filling out the application early ensures that your student receives the most favorable student aid package.

## ■ CHILDREN'S BOOK DRIVE UNDER WAY



The Baylis & Company team remained hard at work helping out in our community over the holidays. In December, our Firm adopted a VISTE Grandma and Grandpa and provided each of them with wish list gifts, necessities and personal care items.

We are now helping the Kiwanis Club of Lakeland's Read Around the World initiative by housing a collection box for children's books in our lobby. The Club plans to collect 5,000 new and gently used children's books to distribute in early March 2012 to public school classrooms and nonprofit agencies that promote childhood literacy. Call or contact our very own Kathy Wallen, Kiwanis President Elect, to learn more about the program and how you can help. You can reach Kathy at 863-688-8841

or via email at [kathy.wallen@bayliscpas.com](mailto:kathy.wallen@bayliscpas.com).

## CLOSING THOUGHTS

Reading is simultaneously a simple pleasure and a life transforming skill. We thought this quote from a beloved children's book author summed it up quite nicely:

The more you read, the more things you will know.  
The more that you learn, the more places you'll go.  
~ Dr. Seuss

Please visit our website at [www.bayliscpas.com](http://www.bayliscpas.com)

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