Guidelines for How Long to Keep Tax Records

Document	Description	How long to keep (minimum)	Notes
Form 945 (annual return of withheld federal income tax)	Employers use this form to report “backup withholding.”	At least 4 years after filing the return	The law requires employers to withhold 28% from compensation paid to independent contractors who fail to provide a Social Security number. Report withheld taxes to IRS on Form 945. Use Form W-9 to obtain the Social Security number of an independent contractor.
Form W-9 (request for taxpayer identification no.)	Employers use this form to obtain the Social Security number of an independent contractor.	At least 4 years from the filing deadline of the contractor’s tax return	The church must provide and keep on file a completed copy of this form for any non-employee who will be paid $600 or more during the year. Corporations are exempt from backup withholding.
Form 8283 (noncash charitable contribution)	Donors use to substantiate certain noncash contributions valued at more than $500.	At least 4 years from the filing deadline of the donor’s tax return	Keep Form 8283 if the church is required to sign the “appraisal summary,” Section B, Part IV for donations of property valued at more than $5,000.
Form 8282 (donee information return)	Churches that sell donated property (valued by the donor at more than $5,000) within 2 years of the donation file this form with the IRS.	At least 4 years after filing the return	Form 8282 is required only if a church signed Section B of the donor’s Form 8283 (appraisal summary).
Offering envelopes	Church-issued envelopes used by donors for cash contributions	At least 4 years from the filing deadline of the donor’s tax return (there is an exception)	Churches often issue period contribution summaries to donors which include a statement advising donors to quickly question any discrepancies since all documentation (including offering envelopes) the church relied on in preparing the summary will be disposed of within a specified period of time (e.g, six months). Such statements relieve the church of the responsibility of storing offering envelopes and other supporting documentation for long time periods.
Contribution statements	Periodic summaries of contributions provided to donors by a church	At least 4 years from the filing deadline of the donor’s tax return	These statements are to substantiate individual gifts of $250 or more, and they must include specific language prescribed the tax code.
“Written acknowledgments” of charitable contributions	The tax code requires any individual contribution (cash or property) of $250 or more to be substantiated with a “written acknowledgment” from the charity	At least 4 years from the filing deadline of the donor’s tax return	These acknowledgments must contain language specified by the tax code. For example, “Pursuant to the Internal Revenue Code requirements for substantiation of charitable contributions, the _______ Church provided no goods or services in exchange for these contributions other than intangible religious benefits.” The required language may be used in periodic “contribution statements” instead of issuing separate acknowledgments for each gift of $250 or more.
“Written acknowledgments” for short-term missions trips participants	Participants in short-term missions trips can claim a charitable contribution deduction for travel expenses they incur if they receive a written acknowledgment from the church	At least 4 years from the filing deadline of the donor’s tax return	These acknowledgments must contain specific language required by the tax code.
Accountable reimbursement policy	Church policy that reimburses employees’ substantiated business expenses	Permanently	Reimbursement policies are usually included in a board resolution or employee handbook. Date all amendments.

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Accountable reimbursement policy receipts	Employees must substantiate reimbursements with adequate documentation	At least 4 years from the filing deadline of the donor's tax return (there is an exception)	Regulations require employers to keep receipts and other records used by employees to substantiate reimbursed business expenses. The IRS has indicated that it may relax this requirement, but it has not done so. If an employer does not keep these records, the burden of substantiating expenses falls on employee in an audit.
All records associated with nonaccountable expense reimbursements	Reimbursement of personal expenses or unsubstantiated business expenses	At least 4 years from the filing deadline of the employee's tax return	Nonaccountable reimbursements must be reported as taxable income to the employee. Failure to report such reimbursements could expose the employee to substantial penalties and/or immediate sanctions.
Housing allowance	Board or church resolution or budget item designating a portion of a pastor's compensation as a housing allowance	At least 4 years from the filing deadline of the pastor's tax return	For **income tax** purposes housing allowances are nontaxable, but only to the extent the monies are used to pay for housing expenses or, if the pastor owns the home, the extent the allowance does not exceed the fair rental value of the home. Housing allowance is subject to **self-employment tax**.
Cafeteria plan	Fringe benefit plan allowing employees to use pre-tax salary reductions to pay for a menu of fringe benefits	Permanently	Record and date all plan amendments.
Estimated housing expense form	Churches often base housing allowances on a list of estimated housing expenses provided by a pastor	At least 4 years from the filing deadline of the pastor's tax return	Estimate expenses significantly above the fair rental value of the pastor's home signal the need to reduce the housing allowance. If this is not done, the pastor's W-2 wages will be too low, which can create tax liabilities for a pastor who assumes that the W-2 reflects true compensation.
Safety net housing allowance	Continuing resolution designating a specified percent of the salary of any staff pastor as a housing allowance if no allowance has otherwise been declared	Permanently	Safety net resolutions avoid loss of the housing allowance if a church neglects to designate an allowance for the year, or is late in doing so. These resolutions are also handy when a church hires a pastor in the middle of the year. In such cases, designation of housing allowance is often neglected.
Job descriptions of staff pastors	Describe the duties for which the pastor is employed	At least 4 years from the filing deadline of the pastor's tax return	Housing allowance must represent compensation paid to a minister for the exercise of ministry. Job descriptions will indicate whether a pastor's duties constitute the exercise of ministry.
Form 8274 (certification by churches requesting exemption from FICA taxes)	Used to exempt a church from the employer's share of FICA taxes	Permanently	Churches with nonminister employees in July 1984 could exempt themselves from the employer's share of FICA taxes by filing this form with the IRS by October 30, 1984. The exemption does not exempt employees from FICA taxes. The exemption makes nonminister church employees self-employed for Social Security, meaning that they pay the full 15.3% self-employment tax just like ministers.
Property tax exemption applications and certificates	Application form used to apply for exemption of church property from taxation and the certificate issued by the taxing authority recognizing the exemption	Consult local law	Local law usually requires churches to apply for property tax exemption. Some states require periodic renewal of the exemption. The exemption application must be filed by the "tax day" specified by local law.
Sales tax exemption applications and certificates	Application form used to apply for exemption of state sales taxes and the certificate issued by the taxing authority recognizing the exemption	Consult local law	Forty-one states exempt churches from sales tax. An application is generally required for exemption. The exemption generally needs to be renewed periodically. Exemption rules vary from state to state.
Tax-sheltered annuity salary reduction agreements	Designations by employees for the amount of their salary to be reduced and placed in their retirement account	At least 4 years from filing deadline of the employee's tax return	For church staff, 403(b) tax-sheltered annuities are the most common retirement plans.
Form 990-T (exempt organization's business income tax return)	Churches use this form to report "unrelated business income tax"	At least 4 years from the filing deadline of the tax return	Unrelated trades or businesses a church might be involved in include restaurants, rent/fees from parking lots, communications towers, some debt-financed buildings, and the like.

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Retirement gifts	Generally a resolution of the board or membership authorizing a gift to a retiring staff member	At least 4 years from the filing deadline of the employee's tax return	Even if retirement gifts are labeled "love gifts" they are still taxable. There is an exception for some gifts of insignificant value as defined by the tax code. There is an exception for some "employee achievement awards" (property valued at less than $400).
Special occasion gifts	Generally a resolution of the board or membership authorizing a holiday, birthday, or anniversary gift to a staff member	At least 4 years from filing deadline of the employee's tax return	Special occasion gifts are taxable even if labeled "love gifts." Gifts made directly by a church member to a church employee with no thought of a personal tax deduction are not taxable.
Health plans	Plans adopted by an employer for the payment of some medical expenses of employees	Permanently	Reimbursement by the employer for employee medical expenses may be nontaxable if made pursuant to a health plan. Record and date all plan amendments.
Documents defining compensation	Generally in the minutes of church board or membership meetings	At least 4 years from the filing deadline of the employee's tax return	Compensation includes salary, expense reimbursements, fringe benefits, housing allowance, retirement plan contributions, insurance coverage, etc. An audit of an employee's tax return could require documentation.
Correspondence received from the IRS or state and local tax agencies	May pertain to questions about a tax return (W-2, 941, etc.), a donor's contributions, eligibility for property tax exemption, etc.	Permanently	Correspondence from taxing authorities may be relevant in future years.

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