



The Glynn Group, Ltd.

August 3, 2007

Issue # 259

## Keeping Good Records

The IRS is reminding employers about the importance of keeping good records.

The Service notes that employment tax records must be maintained for at least four years after the later of the due date of the tax for the return period to which the records relate, or the date the tax is paid (see Reg. § 31.6001-1(e)(2)). The records should include the following information:

- Employer identification number (EIN);
- amounts and dates of all wage, annuity, and pension payments;
- amounts of tips reported;
- the fair market value of in-kind wages paid;
- names, addresses, Social Security numbers, and occupations of employees and recipients;
- employee copies of Forms W-2 that were returned as undeliverable;
- dates of employment;
- periods for which employees and recipients were paid while absent due to sickness or injury, and the amount and weekly rate of payments made to them by the employer or third-party payers;
- copies of employees' and recipients' income tax withholding allowance certificates (Forms W-4, W-4P, W-4S, and W-4V);
- dates and amounts of tax deposits;
- copies of returns filed;
- documentation for allocated tips; and
- documentation for fringe benefits provided, including substantiation.

A willful failure to keep required records is a misdemeanor punishable by a fine of up to **\$25,000 (\$100,000 for corporations) and/or imprisonment for up to one year.**

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