

Keep documents vital to an audit

MONEY FIX

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You've filed your taxes and said good riddance to Uncle Sam for the time being. Much as you feel as if you've washed your hands of all things taxes, don't get carried away and start throwing out documents.

Here's what to keep.

■ **Hold onto the right stuff:** "Saving every document isn't necessarily the answer. Too much clutter may make important documents difficult to access when you need them quickly," says Magdalena Johndrow, an adviser with Farmington River Financial Group in Farmington, Connecticut.

Still, there are some rules of thumb. "We recommend keeping

a copy of each return, along with all supporting documents, like business expense receipts, and W2, bank or brokerage statements, that were used to prepare the return, for seven years. This ensures you can prove your income and deductions in an audit," says Michael Katz, administrative partner at Sanders Thaler Viola & Katz in Jericho.

However, hold onto documents that affect multiple tax return years for the longevity of the asset. These include receipts for business equipment and furniture that are depreciated; papers related to the purchase of a house, or proof of cost basis for stocks that are sold in subsequent years.

■ **Make use of technology:** Luckily, files can be stored and accessed electronically. Financial institutions often provide a means of accessing a digital version of your statement, but even paper copies can be scanned to a computer or via a smartphone app.