



Record Retention Guide

Business records should be disposed of as soon as they have outlived their usefulness. Various federal, state, and local agencies have many different rules on how long you must retain the records that affect their agency requirements, but there is only so much room at your facilities for storage. Every year each dealership should have a program to review the items in storage and discard older records according to the retention program. The following is one of many lists that are available to be used as guidelines when you review your records. We recommend that you implement a record retention program that includes a timetable for transferring records from active status and, ultimately, to disposition of obsolete records.

Retain the following for a minimum of 2 years:

- Repair Order Check Sheet
- Repair Orders (Hard Copy)
- Internal Repair Orders (Office Copy)
- Internal Repair Orders (Hard Copy)
- Stock Requisitions
- Daily Sales Summary

Retain the following for a minimum of 3 years:

- Time Ticket
- Prepaid and Accrued Expense Journal
- Accounts and Notes Receivable Trial Balance
- All Other Trial Balances

Retain the following for a minimum of 4 years:

- Petty Cash Vouchers
- Petty Cash Summary Envelopes
- Odometer Mileage Statement
- Disclosure of Damage to Motor Vehicle
- Insurance Policies (After Expiration)

Retain the following for a minimum of 6 years:

- Car Invoices
- Sundry Invoices
- Sales Invoices
- Repair Orders (Office Copy)
- Office Receipts
- Purchase Orders
- Credit Memos
- Cash Received Journal
- Cash Disbursement Journal

Retain the following for a minimum of 6 years:

- Purchase Journal
- New Car Sales Journal
- Payroll Journal
- General Journal
- New and Used Car Record Claim Register
- Register Sales Slip
- State and Local Sales and Gross Receipts Tax Returns
- U.S. and State Unemployment Tax Return
- Social Security Tax Returns
- Withholding Tax Returns

Retain the following for a minimum of 10 years:

- Bank Statements and Reconciliations
- Cancelled Checks
- Bank Drafts and Paid Invoices
- Vendor Invoices
- All Customer Files
- All Correspondence Files
- Employee Earning and History Records

Retain the following PERMANENTLY:

- Employment Applications
- Salesperson's Commission Report
- U.S. Tax Returns
- Financial Statements
- Capital Stock Books
- Audit Reports
- State Annual Reports
- Corporate Minute Book
- Employee Contracts
- Papers Pertaining to Litigation

Remember that this list is just one of the many guides and that various state and local tax laws, as well as franchise agreements, may change the time requirements for your records.

Disclaimer:

The above is not intended to offer specific accounting advice.

Answers are general commentaries and are not a complete synopsis of specific accounting situations.

If you have an accounting issue, please consult your accountant.