

Record Keeping Guidelines

For certain items that are deductible on your tax return, supplemental documentation must be kept in addition to receipts. Note: exaggerated expenses can trigger red flags for a possible audit in the IRS statistical database. The following items must have adequate records to be deductible.

Travel Expenses-related to business

- Cost of each separate expense
- Dates you left and returned for each trip
- Number of days spent on business

Entertainment Expenses-related to business

- Cost of each separate expense
- Date of entertainment
- Name and address of location of place for entertainment
- Type of entertainment if not otherwise obvious
- Business Purpose or the business benefit gained or expected to be gained
- If the entertainment was directly before or after a business discussion or activity, record the date, place, nature, duration and the identities of the persons included

Gifts-given for business purposes

- Cost, date and description of the gift (if not obvious on the receipt). ***Gifts are limited to \$25.00 per person, per year (married couple treated as one person).***

Transportation Expenses-related to business

- Cost of each separate expense
- Your business destination
- Business purpose

Auto Expenses- business and personal

- The cost of the car and improvements
- The date you started using the car for business
- The mileage for each business usage
- Total mileage for the year
- Mileage log for business use of auto

Charitable Donations-business and personal

- A bank record or written documentation from the organization including the name, date, and the amount.
- For contributions over \$250.00-written acknowledgement from the organization indicating the amount of cash and description of property contributed must be obtained

*This information should be used as a guideline. Specific questions regarding this “Biz Facts” should be directed to a Business by Design tax professional.