

RECORD RETENTION FOR INDIVIDUALS

Good recordkeeping can cut your taxes and make your financial life easier.

How long to keep records is a combination of judgment and state and federal statutes of limitations. Since federal tax returns can generally be audited for up to three years after filing and up to six years if the IRS suspects underreported income, it's wise to keep tax records at least seven years after a return is filed. Requirements for records kept electronically are the same as for paper records. Generally, follow these recommended retention periods for various documents:

RECORD	RETENTION PERIOD
Tax returns (<i>uncomplicated</i>)	7 years
Tax returns (<i>all others</i>)	Permanent
W-2s	7 years
1099s	7 years
Bank deposit slips	7 years
Bank statements	7 years
Cancelled or substitute checks supporting tax deductions	7 years
Charitable contribution records	7 years
Credit card statements	7 years
Dividend reinvestment records	Ownership period + 7 years
Divorce documents	Permanent
Estate planning documents	Permanent
Home purchase and improvement documents	Ownership period + 7 years
Home repair receipts	Warranty period for item
Insurance policies	Life of policy + 3 years*
Investment purchase and sales documents	Ownership period + 7 years
IRA annual reports	Permanent
IRA nondeductible contributions Form 8606	Permanent
Loans	Term of loan + 7 years
Mutual fund annual statements	Ownership period + 7 years
Receipts, diaries, logs pertaining to tax return	7 years
Retirement plan annual reports	Permanent
Year-end brokerage statements	Ownership period + 7 years

*Check with your agent. Liability for prior years can vary.

RECORD RETENTION FOR BUSINESSES

In business, good recordkeeping is essential not only for tax reporting purposes but also for the success of the company. The guidelines below give general retention periods for the most common business records. Call us if you'd like more information or assistance with your record retention program.

ACCOUNTING RECORDS	RETENTION PERIOD
Accounts payable	7 years
Accounts receivable	7 years
Audit reports	Permanent
Chart of accounts	Permanent
Depreciation schedules	Permanent
Expense records	7 years
Financial statements (<i>annual</i>)	Permanent
Fixed asset purchases	Permanent
General ledger	Permanent
Inventory records	7 years ¹
Loan payment schedules	7 years
Purchase orders (<i>1 copy</i>)	7 years
Sales records	7 years
Tax returns	Permanent
BANK RECORDS	
Bank reconciliations	7 years
Bank statements	7 years
Cancelled or substitute checks	7 years ²
Electronic payment records	7 years
CORPORATE RECORDS	
Board minutes	Permanent
Business licenses	Permanent
Bylaws	Permanent
Contracts – major	Permanent
Contracts – minor	Life + 4 years
Insurance policies	Life + 3 years ³
Leases/mortgages	Permanent
Patents/trademarks	Permanent
Shareholder records	Permanent
Stock registers	Permanent
Stock transactions	Permanent
EMPLOYEE RECORDS	
Benefit plans	Permanent
Employee files (<i>ex-employees</i>)	7 years ⁴
Employment applications	3 years
Employment taxes	7 years
Payroll records	7 years
Pension/profit-sharing plans	Permanent
REAL PROPERTY RECORDS	
Construction records	Permanent
Leasehold improvements	Permanent
Lease payment records	Life + 4 years
Real estate purchases	Permanent

¹ Permanent for LIFO system

² Permanent for real estate purchases

³ Check with your agent. Liability for prior years can vary

⁴ Or statute of limitations for employee lawsuits

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2021

Tax POCKET GUIDE

Essential Information to Know

Felix & Gloekler, P.C.
Certified Public Accountants

2306 Peninsula Drive
Erie, PA 16506
(814)838-6095
www.fg-cpa.com

2021 TAX FILING DEADLINES

- **January 15** – Due date for the fourth installment of 2020 individual estimated tax.
- **February 1** – Due date for employers to furnish W-2 statements to employees, and to file Forms W-2 with the Social Security Administration (both paper and electronic forms).
- **February 1** – Due date for payers to provide most 1099-MISC and 1099-NEC forms to recipients and to the IRS.
- **February 1** – Employers must file 2020 federal unemployment tax returns and pay any tax due.
- **March 1** – Payers file most other Forms 1099 (except certain 1099-MISC and 1099-NEC forms due Feb. 1) with the IRS.*
- **March 1** – Due date for providers to file Forms 1095 with the IRS.*
- **March 2** – Due date to send Forms 1095 to recipients.
- **March 15** – 2020 calendar-year S corporation income tax returns are due.
- **March 15** – 2020 partnership returns are due.
- **March 15** – Deadline for calendar-year corporations to elect S corporation status for 2021.
- **April 15** – 2020 individual income tax returns due.
- **April 15** – 2020 annual gift tax returns are due.
- **April 15** – 2020 calendar-year C corporation income tax returns are due.
- **April 15** – Deadline for making 2020 IRA contributions.
- **April 15** – First installment of 2021 individual estimated tax is due
- **April 15** – Farmers and fishermen who did not make 2020 estimated tax payments must file 2020 tax returns and pay taxes in full. (Extension)
- **June 15** – Second installment of 2021 individual estimated tax is due.
- **September 15** – Third installment of 2021 individual estimated tax is due.
- **September 15** – Due date for extended S corporation and partnership tax returns.
- **October 15** – Due date for extended individual and C corporation tax returns.
- **January 17, 2022** – Fourth installment of 2021 individual estimated tax is due.

*March 31 if filing electronically

Call for details or for assistance with any tax filing. Also be aware that tax changes can occur at any time. As needed, contact us for current rates and rules.

2021 INDIVIDUAL TAX RATES – TAXABLE INCOME

TAX RATE	SINGLE	JOINT*	HEAD OF HOUSEHOLD
10%	\$1 - 9,950	\$1 - 19,900	\$1 - 14,200
12%	9,951 - 40,525	19,901 - 81,050	14,201 - 54,200
22%	40,526 - 86,375	81,051 - 172,750	54,201 - 86,350
24%	86,376 - 164,925	172,751 - 329,850	86,351 - 164,900
32%	164,926 - 209,425	329,851 - 418,850	164,901 - 209,400
35%	209,426 - 523,600	418,851 - 628,300	209,401 - 523,600
37%	Over 523,600	Over 628,300	Over 523,600

*Amounts for married separate are one-half joint amounts.

2021 DEDUCTIONS AND EXCEPTIONS

Standard Deduction

Single	\$12,550
Joint returns and surviving spouses	\$25,100
Married filing separately	\$12,550
Head of household	\$18,800

The standard deduction is increased by \$1,350 for a married taxpayer 65 or older or blind (\$2,700 if both 65 and blind); by \$1,700 for a single taxpayer 65 or older or blind (\$3,400 if both 65 and blind).

Personal Exemption Suspended through 2025

2021 FICA TAX RATES

TAX	MAXIMUM TAX RATE	MAXIMUM WAGE BASE	MAXIMUM TAX
Social Security	6.20%	\$142,800	\$8,853.60
Medicare	1.45%*	No limit	No ceiling

The Federal Insurance Contributions Act (FICA) tax is a combination of a Social Security tax and a Medicare tax. The Social Security tax is assessed on wages up to \$142,800; the Medicare tax is assessed on all wages.

For 2021, self-employed individuals pay a 15.3% Old Age, Survivors and Disability Insurance (OASDI) tax, which is similar to the FICA tax, on the first \$142,800 of self-employment income.

*A 0.9% Medicare surtax is assessed on all wages or self-employment income in excess of \$200,000 for singles, \$250,000 for joint returns, and \$125,000 for married couples filing separately.

2021 CORPORATE TAX RATE

C corporations

- Flat 21% corporate tax rate. Includes personal service corporations.
- No alternative minimum tax (AMT).

Passthrough entities

- (S corporations, partnerships and sole proprietors)
- Taxed as ordinary income.
- 20% income deduction calculation still available. Qualified service trade business threshold: \$164,900 (\$329,800 joint)
- Select service companies above these limits have the income deduction reduced.

2021 INCOME PHASEOUT LEVELS

ITEMIZED DEDUCTIONS

- \$750,000 new acquisition indebtedness interest limit after 12/14/17.
- \$10,000 property/state income & sales tax limit.
- Personal and casualty losses limited to presidentially declared disaster.
- Wager loss limitation applies to gambling and related expenses.
- No miscellaneous itemized deductions over 2%.
- Medical expense threshold stays at 7.5% for everyone in 2021.
- Mortgage insurance premiums deduction reinstated through 2021.

ALTERNATIVE MINIMUM TAX EXEMPTION

Single and head of household	\$73,600
Joint returns and surviving spouses	\$114,600
Married filing separately	\$57,300
Estates and trusts	\$25,700

CHILD TAX CREDIT

	(\$2,000 per child)
Single and head of household	Starts at \$200,000
Joint	Starts at \$400,000
Married filing separately	Starts at \$200,000

CREDIT FOR OTHER DEPENDENTS

\$500/dependent for those not qualified for CTC

IRA DEDUCTIBILITY (with company pension)

Single and head of household	\$66,000 - 76,000
Joint	\$105,000 - 125,000
When spouse has company pension	\$198,000 - 208,000
Married filing separately	\$0 - 10,000

ROTH IRA ELIGIBILITY

Single and head of household	\$125,000 - 140,000
Joint	\$198,000 - 208,000
Married filing separately	\$0 - 10,000
Conversion of traditional IRA to a Roth IRA	No income limit

EDUCATION SAVINGS ACCOUNT (Education IRA)

Single, head of household and married filing separately	\$95,000 - 110,000
Joint	\$190,000 - 220,000

AMERICAN OPPORTUNITY (HOPE) CREDIT

Single and head of household	\$80,000 - 90,000
Joint	\$160,000 - 180,000
Married filing separately	\$0

LIFETIME LEARNING CREDIT

Single and head of household	\$80,000 - 90,000
Joint	\$160,000 - 180,000

COLLEGE BOND INTEREST EXCLUSION

Single and head of household	\$83,200 - 98,200
Joint	\$124,800 - 154,800

INTEREST ON EDUCATION LOANS

Single and head of household	\$70,000 - 85,000
Joint	\$140,000 - 170,000

*Adjusted or modified adjusted gross income