

## GUIDE TO RECORD RETENTION FOR AUTO DEALERS

### PERMANENT RECORDS

#### *Corporate Documents*

- Articles of Incorporation; Bylaws
- Capital stock books
- Corporate minute books
- Partnership and Shareholder agreements
- S-Corporation election with IRS approval (Form 2553)
- Annual Domestic Corporation Filing Report

#### *Financial Records*

- Audit, review, and compilation reports
- IRS audit results
- Year-end financial statements
- Fixed asset and depreciation schedules
- Retirement and pension records

#### *Income Tax Matters*

- Federal tax Form 970 – LIFO Election
- LIFO new car and truck factory invoices and reserve calculations
- Federal tax Form 3115 – Application for Change in Accounting Method
- Form 8300 filings
- LIFO used vehicle and parts supporting information and reserve calculations
- State income/franchise tax returns and examiners' reports
- U.S. revenue agents' reports and related papers
- Income tax returns – U.S. and state

#### *Other Documents*

- Construction contracts
- Deeds and easements
- Employment applications, contracts, and personnel files (5 years beyond employee termination)
- Environmental site test results and cleanup reports
- Dealer license data
- Papers pertaining to litigation
- Patents, copyright, and trademark registrations
- Underground storage tanks (testing results and DNR correspondence)

### TEN YEARS (beyond current year)

- All vehicle deal jackets
- Insurance claims (after settlement)
- Bills of lading
- Car purchase orders\*
- Customer files\*
- Retail installment contract, assigned\*
- Retail installment contract, not assigned (past expiration)\*
- Service contracts/extended warranties (past expiration)\*

## **GUIDE TO RECORD RETENTION FOR AUTO DEALERS (continued)**

### **SEVEN YEARS (beyond current year)**

- Vendors' invoices
- Property tax bills or receipts
- Accident reports
- Disability and sick benefit records
- DMV report of sales books
- Payroll tax returns
- Personal property tax statements
- Purchase orders and requisitions
- Repair orders (office copy)
- Excise tax return (Luxury, 720, ODC)
- Vehicle, parts, and sundry invoices
- Year-end trial balance
- General ledger
- Car invoices\*
- OSHA records
- Personnel files, closed (after termination)
- Sales invoices
- Shipping and receiving reports

### **FIVE YEARS (beyond current year)**

- Bank statements and reconciliations
- Duplicate deposit slips and canceled checks
- Mortgages and notes (four years after expiration)
- Salespeople's commission reports
- Account books for travel and entertainment statements identifying time, place, and amount of expenditure
- All journals of original entry
- Credit memos
- Flag sheets/timecards
- Insurance policies (should be retained for four years beyond expiration and until all claims are settled, if any)
- Parts sales invoices
- Receiving reports
- Receipts for cash and other office receipts
- Year-end schedules
- Internal repair orders (office and hard copy)\*
- Petty cash vouchers
- Repair orders (hard copy)
- Truth in lending, evidence of compliance
- Building and equipment leases (four years after lease expiration)
- Income tax returns – related workpapers

## **GUIDE TO RECORD RETENTION FOR AUTO DEALERS (continued)**

### **FIVE YEARS (beyond current year)**

- Odometer statements\*
- Unemployment tax returns – U.S. and state and related workpapers
- Withholding tax returns – U.S. and state and related workpapers
- Withholding tax statements

### **THREE YEARS (beyond current year)**

- Service history (from date of last activity)
- Fire inspection reports (most recent)
- General correspondence
- Employment applications, terminated and not hired
- Employment applications, hired (3 years past termination)
- Repair orders
- Repair estimates
- Uniform hazardous waste manifests
- Credit applications – denied\*

### **NO REQUIREMENT**

- Buyer's guide – used car label\*
- Credit applications – approved\*

**General Note:** Any year in which income tax fraud is an issue, the statute of limitations runs indefinitely. If this possibility is a concern, the financial records of a dealer should not be purged for such given year(s).

\*These items would ordinarily be in the car deal jacket. Each item has its own retention requirements. However, unless you want to strip the file, keep the car deal for 10 years. Even then, contracts which are performed over time, for example, retail installment contracts (if you are carrying the financing, not those that are assigned) and service contracts, should be kept for 10 years past their expiration.

The Used Car Buyers' guide is not technically required to be kept. However, if you don't keep a signed copy, it will be difficult to prove that your customer received one.