

**HOW LONG SHOULD YOU KEEP
BUSINESS RECORDS?**

The first of the year is a perfect time for a business to go through old records taking up storage space and dispose of any that are unnecessary.

If your business collects the state sales tax, the state Department of Revenue can currently audit you as far back as 5 years, so all sales tax records should be kept for at least that long. The audit period will be shortened to 3 years beginning on July 1, 2002. Then, you should keep 3 years' worth of sales tax records.

The Internal Revenue Service can audit you as far back as 3 years, so they suggest keeping tax returns for at least 3 years from the time they are filed. If the IRS questions your return, they can go back even further, so it's probably a good idea to keep tax records for at least 5 years. Canceled checks, receipts, and other supporting papers included on those filings should be kept also.

For your reference, here is a list of some of the things that should be kept and their timeframes. This list is only a suggestion and is not all-inclusive. If you have specific questions, please contact your local accountant/bookkeeper.

Keep for 1 Year:

- Duplicate bank deposit tickets
- Purchase orders
- Requisitions

Keep for 3 Years:

- Bank reconciliations
- Employee records and applications
- Petty cash vouchers

Keep for 5 years:

- Sales tax records (sales receipts, register summaries, etc.)
- Federal tax returns and all accompanying documentation

Keep for 7 Years:

- Expired contracts/leases
- Canceled stock/bond certificates
- Canceled checks
- Royalty computations

Retain Indefinitely:

- CPA audits
- Capital stock and bond records
- Deeds and mortgages
- Insurance records
- Financial statements
- Property appraisals and records

INTANGIBLE TAX UPDATE

Florida's intangible tax law will not change for most taxpayers in 2002. Exemption levels for the tax will remain at the same level as in 2001. Tax rates will also remain the same, at \$1 in tax for each \$1,000 in taxable assets.

Because proposals to change the intangible tax law have received wide publicity in recent months, taxpayers may have lost track of where the law stands today. The Florida Department of Revenue is conducting an outreach program through the accounting community, Florida business organizations (like FUBA), and its own taxpayer education staff to help taxpayers understand how the current law applies to them.

As a review, the state intangible tax, established in 1931, applies to stocks, bonds, mutual funds, and certain other assets. No tax applies to Individual Retirement Accounts (IRA's), 401K retirement plans, pension or Social Security benefits, money markets, certificates of deposit, or tax-exempt Florida or U.S. government bonds.

As in previous years, individual filers will be allowed to exempt the first \$20,000 in taxable assets (i.e., stocks and bonds) from the intangible

tax. Couples filing jointly may exempt the first \$40,000 in taxable assets.

Also unchanged in 2002 is the \$60 minimum payment threshold. Under this provision, businesses may own up to \$60,000 in taxable assets without being required to pay the tax.

Individual taxpayers who owe less than \$60 are not required to pay the intangible tax. In combination with allowable exemptions, this threshold means that an individual taxpayer must own at least \$80,000 or more in stocks and bonds to be required to pay tax. For couples filing jointly, the \$60 minimum payment means that the couple must own at least \$100,000 or more in taxable assets to be required to pay tax.

Individuals and joint filers who are not required to pay tax are **not** required to file a tax return. Corporations that owe no tax **are** required to file a return.

Taxpayers can save money by filing their returns early. By law, taxpayers can earn a 4 percent discount if they file their return on or before February 28, 2002. A 3 percent discount applies to returns filed on or before March 31, 2002. A 2 percent discount applies to returns filed on or before April 30, 2002, and a 1 percent discount applies to returns filed by May 31, 2002.

The tax is due no later than June 30th of each year and must be post-marked by that date to be considered timely filed.

Taxpayers who file late, or who fail to file, may face penalties and interest costs. The Department of Revenue receives information about who may be liable for intangible tax from the Internal Revenue Service and stockbrokers throughout the United States.

The Department of Revenue expects to mail hundreds of thousands of intangible tax forms to taxpayers in mid-January 2002. Taxpayers may also download forms from the DOR website at www.myflorida.com/dor. However, the Department urges taxpayers to file the personalized returns they will receive in the mail, to speed processing and cut costs.

Information on the intangible tax is available from the Department of Revenue's website at

www.myflorida.com/dor. The Department expects to launch an Internet-based filing option by early 2002 for those interested in filing on-line. Taxpayers who file electronically will receive an automatic receipt that they can keep for their records.

For more information about the intangible tax, please contact the nearest Department of Revenue service center. To find out how to contact your local service center, visit the website listed above, or look in the Government Listings (blue pages) of your telephone book. Look under "Florida, State of" and then "Revenue, Department of."

In addition, Department of Revenue tax education experts conduct free seminars on intangible and other taxes. For more information about seminars, look on the website or call the nearest service center.

PROTECT YOURSELF FROM UNSOLICITED FAXES

Increasingly, faxes are being used as a way to advertise various goods and services. The time spent in use of your fax line and the paper used to print incoming faxes costs your business money. If you have requested advertising materials be sent to your fax number, you can expect that your fax machine and paper will be used to receive these materials. However, if unsolicited advertising materials are sent to you via fax, consider the following:

Florida law provides that it is unlawful for anyone to fax unsolicited advertising material for the sale of any real property, goods or services. The Florida Attorney General may file suit to stop the person from faxing unsolicited advertisements and can impose monetary penalties.

If you think someone has sent you an unsolicited fax advertisement, sometimes a phone call is all it takes to correct the problem. Make sure you keep a record of the date, person contacted and the subject matter of each telephone contact you have with the company. If that does not work, you may wish to contact the Florida Attorney General's office at The Capitol, PL-01, Tallahassee, Florida, 32300-1050.