

## 2017 GAPP CPP/FPC Study Group



### Section 10: Recordkeeping and Record Retention

September 7, 2017

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## Federal Retention Requirements

- O – OSHA Documents (5 years)
- I – IRS/SSA/FUTA Documents – (4 years)
- F – FLSA/IRCA/ADEA/IRS Documents & FMLA records – (3 years)
- S – Supplemental Documents (2 years)



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## OSHA DOCUMENTS – 5 YEARS RETENTION

- Log of occupational illness/accidents (under Walsh-Healy Public Contract Act)
- Other OSHA records



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### IRS/SSA/FUTA documents – 4 Years retention

- Employee's name, address, occupation and social security number
- Amount/date of payments for wages, annuities, pension, reported tips, and FMV of wages-in-kind
- Amount of wages subject to withholding (federal, social security, Medicare)
- Amount of Tax withheld and date (if different from pay date)



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### IRS/SSA - Continued

- Pay period covered by each wage payment
- Explanation of difference between total/taxable compensation, if any
- Copies of Form W-4, Form W-4P, and Form W-4S (for at least 4 years after the date the last return was filed using the information from Form W-4)



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### IRS/SSA - Continued

- Beginning and ending employment dates (each employee)
- Record of allocated tips (Form 4070)
- Agreements to withhold additional amts
- Fringe benefits provided to employee including required substantiation



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### IRS/SSA - Continued

- Dates when employee was absent due to injury and received payments, including amount/rate of such payment (made by either employer or third party)
- Dates when employee was absent from work and payments were made under a contingency plan, including amount/rate of such payments.



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### IRS/SSA Continued

- Returned copies of Form W-2(an electronic file may be kept rather than the returned paper forms)
- Adjustments or settlement of taxes
- Copies of file returns Forms 940, 941, 943, 944, 945, 941X, W-3 and Copy D of Form W-2 (filed on paper or electronically)
- Amounts and dates of tax deposits made
- Duplicate copies of tax returns/tax deposits (date filed)



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### FUTA (4 years)

- Total employee compensation paid annually
- Compensation subject to FUTA
- State unemployment contributions paid and state compensation subject to SUTA
- Form 940
- Reason why total compensation and the taxable amount are different, if that is the case



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## FLSA/IRCA/ADEA/FMLA/IRS (3 YEARS)



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## FLSA (3 years retention after last entry)

- Employee's name, address, occupation, birth date (if under 19) and sex
- Employee's work week (beginning day and time)
- Hours worked each day/week
- Amount (total wages), date, and period covered for each payment



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## FLSA – Continued

- Amounts earned for straight time and overtime with additions to and deductions from wages.



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### FLSA (3 year retention after expiration date)

- Collective bargaining agreements
- Certificates authorizing employment, industrial homeworkers, minors, learners, students, apprentices, and handicapped workers
- Sales and purchase records



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### IRCA – 3 years retention

- Under Immigration Reform and Control Act, Form I-9 is kept 3 years after date of hire or 1 year after date of termination – whichever is later



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### IRS – 3 year retention

- Allocated tips – 3 years after due date of return or statement to which they relate



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### ADEA 3 year retention

- Age Discrimination in Employment Act of 1967 prohibits employers from making hiring, termination, or other personnel decisions based on the age of the individual who are at least 40 years of age
- Employee's name, address, date of birth, occupation, pay rate, compensation earned each week



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### FMLA – 3 year retention

- The following Family and Medical Leave Records must be kept for 3 years, in any format, and made available not more frequently than once every 12 months for Department of Labor inspection



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### FMLA – continued

- Name, address, rate of pay, daily and weekly hours worked per pay period.
- Additions to and deductions from wages, total compensation paid
- Dates of FMLA leave (or hours if taken in increments of less than one day)
- Copies of written notices of intention to take FMLA leave provided by employee



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### FMLA - continued

- Copies of general and specific notices provided to employees
- Plan descriptions/policies and procedures
- Premium payments for employee benefits
- Records of disputes



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### Supplemental Records – 2 years

- Time Cards
- Wage and rate tables
- Work time schedules
- Order/shipping/billing records
- Records of additions or deduction from wages (purchase orders, wage assignments and garnishments)



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### Penalties - Recordkeeping

- FLSA – Willful violations can be up to \$10,000 and/or imprisonment up to 6 months (imprisonment is only for two or more convictions)



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### Penalties – continued

- IRC – willful failure to comply is a misdemeanor with fines up to \$25,000 (\$100,000 corporations), and/or imprisonment up to 1 year plus prosecution costs.



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### Documentation

Must keep or make available (within 72 hours) documentation of business processes that

- Create, modify & maintain the record
- Show authenticity and integrity of the taxpayer's records



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### Documentation -Continued

Documentation must be sufficiently detailed to identify

- Functions performed as they relate to the flow of data through the system
- Internal controls used to ensure accurate and reliable processing
- Internal controls used to prevent unauthorized additions, deletions, alterations



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Documentation - Continued

The procedures are aimed at achieving one goal.....

Making it easy for the IRS to determine the employer's correct tax liability



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