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## Compiling and Hurricane-proofing Tax Records

Summertime is the best time to start compiling your tax documents in preparation for tax returns, says the IRS. In a recently released statement, the IRS said that accurate and complete records “not only [makes] preparing your return easier, but may also remind you of relevant transactions, help you prepare a response if you receive an IRS notice or substantiate items on your return if you are selected for an audit.”

You should keep aside all documents relevant to your federal tax returns in a designated place and do so for at least 3 years. Among the documents you should keep aside are invoices and official receipts, bills, mileage logs, check buds and credit card statements and even canceled or scanned checks that show proof of payment.

If you own your own business, you should keep employment tax records of 4 years or more, together with official receipts (both your own and your vendors'), proofs of payments, documents to claim business expense tax deductions and documents to prove the value of your assets.

As Hurricane Irene batters the Eastern seaboard of the United States, the IRS has also offered tips on how to safeguard your tax records. According to the IRS, important documents such as bank statements, W-2 forms and tax returns should be scanned into an electronic format and stored on a flash drive or CD and then can securely stored in a safe place. In addition, the digital data can be stored in another website. Taxpayers are also reminded not only to make sure that their documents are safe from the elements but also encrypted or locked up to guard against disclosure or theft.

In addition, the IRS advises that you take photographs or videos of your assets, especially those of high value. This will facilitate insurance and loss claims in the face of the hurricane. For this purpose, the IRS has disaster loss workbooks for use by the public.

The IRS also provides copies of previous years' tax filings should you require them. You need to fill Form 4506 Request for Copy of Tax Return or Form 4506-T Request for Copy of Transcript of Tax Return. You can obtain a waiver of the standard copying charges if you write the official name of the disaster (Hurricane Irene) in red at the top of the form.