

# IRS Fact Sheet

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## **IRS Encourages Taxpayers to Safeguard Financial and Tax Records During Hurricane Preparedness Week**

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With the approach of hurricane season, the Internal Revenue Service encourages taxpayers to safeguard their records as part of National Hurricane Preparedness Week, May 21-27. Some simple steps can help taxpayers and businesses protect financial and tax records in case of hurricanes and other disasters.

"Even if you don't live in an area prone to hurricanes, this is an excellent time to take a few minutes to help safeguard financial documents that can be hard to replace," said Kevin Brown, Commissioner of the IRS Small Business/Self-Employed Division.

Listed below are tips for individuals and businesses by tax professionals and the IRS on maintaining financial and tax records.

### **Take Advantage of Paperless Recordkeeping**

Many people receive bank statements and documents by e-mail. This method is an outstanding way to secure financial records. Important tax records such as W-2s, tax returns and other paper documents can be scanned onto an electronic format.

"New technologies provide taxpayers with new opportunities to keep their records secure," said E. Martin Davidoff, chairman, Tax Liaison Committee, American Association of Attorney-Certified Public Accountants (AAA-CPA). "Many people are now receiving bank statements and documents via e-mail. One approach, using a scanner to fill in the gaps of electronic commerce, is to have all financial records in electronic format. By doing so, one can copy all of their records onto a 'key' or 'jump drive' periodically. Those keys can be sent to a relative in another city for safe-keeping in case one's normal computer backup systems are destroyed."

Other options include copying files onto a CD or DVD. Also, many retail stores sell computer software packages that you can use for recordkeeping.

"Disasters such as hurricanes can't be prevented," said Dennis B. Drapkin, chair, American Bar Association (ABA) Section of Taxation. "But the disruption they cause can be reduced. Remember to safeguard and backstop your most important records. Store them in a safe place. Back-up your electronic files. Make duplicates where possible and keep them in a separate location."

## **Document Your Valuables**

One option is to photograph or videotape the contents in your house, especially items of greater value. The IRS has a disaster loss workbook (Publication 584) that can help you compile a room-by-room list of your belongings.

"This will help you recall and prove the market value of items for insurance and casualty loss claims," said Tom Ochenschlager, vice president-taxation, American Institute of Certified Public Accountants (AICPA). "Be sure to store the photos with a friend or family member who lives away from the geographic area at risk."

Proximity to your home should not be your main concern when choosing a location to store important records. Remember, a disaster that strikes your home is also likely to affect facilities nearby, making quick retrieval of your records difficult or impossible.

## **Check on Fiduciary Bonds**

Employers who use payroll service providers should ask the provider if they have a fiduciary bond in place. The bond could protect the employer in the event of default by the payroll service provider.

## **Update Emergency Plans**

Emergency plans should be reviewed annually. Personal and business situations change over time and so do preparedness needs. Individual taxpayers should make sure they are saving documents everybody should keep including such things as W-2s, home closing statements and insurance records. When employers hire new employees or when a company or organization changes functions, plans should be updated accordingly and employees should be informed of the changes.

## **Count on the IRS**

In the event of a disaster, the IRS stands ready to help. The IRS has valuable information you can request if your records are destroyed.

Immediately after a casualty, you can request a copy of a return and all attachments (including Form W-2) by using Form 4506, Request for Copy of Tax Return.

If you just need information from your return, you can order a transcript by calling 1-800-829-1040 or using Form 4506-T, Request for Transcript of Tax Return. There is no fee for a transcript. Transcripts are available for the current year and returns processed in the three prior years.

IRS.gov is an indispensable resource as you prepare for and recover from disaster. Be sure to check out the following topics:

[Tax Relief in Disaster Situations](#)

[Reconstructing Your Records](#)

[Publication 552, Recordkeeping for Individuals](#)

[Publication 583, Starting a Business and Keeping Records](#)

Other Web site sources:

[FEMA: 2006 Federal Disaster Declarations](#)

[Ready.gov - from the U.S. Department of Homeland Security](#)