**CHECKLIST OF ITEMS TO PUT IN Permanent file**

A permanent file should be maintained for each of your clients. This would include the following:

* Engagement letters
* Representation letters - I would keep these in the permanent file. An example is that a claim could be made after you no longer have the work paper file associated with the matter. This is especially so with estate planning consultations where a claim could arise many years after a gift tax return was filed. I would keep copies of Crummey letters in the file for the Gift tax returns, if it is your practice to obtain copies of such letters
* Gift tax returns should be permanently retained, though not necessarily in the permanent file
* Basis of property received or given as a gift
* Basis of property inherited - try to obtain the 706 if one was filed, showing the valuation amount
* Final divorce agreements
* Pre-Nuptial agreements
* Employment contracts
* Employment severance payment documentation
* Stock option information - both for incentive and nonqualified options
* Restricted stock awards
* Section 83b elections
* Deferred compensation agreements
* Alternative minimum tax credit backup
* Stock and business ownership basis calculations
* Installment sales basis calculations and copies of actual notes
* Section 754 basis calculations
* Schedules of carryover amounts
* Partnership, Buy-Sell, Members' Agreements and similar agreements
* Real estate closing documents for real estate that client owns
* Business valuations and appraisals
* Closing contracts for a business that has been purchased
* Purchase or sale of a business price allocations including for intangibles
* Built In Gain S corporation conversion valuation
* Appraisals of charitable gifts
* CYA letters such as a widow or widower refusing to have a 706 filed to claim the Portability election
* Tax opinions for ongoing or long lasting transactions
* Private letter rulings
* Tax audit closing letters
* Estate tax returns closing letters
* Financial plans
* Estate plans
* IRA or other retirement plan basis calculation backup
* Corporate minutes documenting tax issues
* Client business ownership information
* Ownership transfers of business or property interests
* S elections
* Not-for-profit approval from IRS and individual states
* Opinions as to taxability of transactions for state tax purposes
* Copies of clients' wills
* Copies of designation of beneficiary forms
* Copies of trust agreements where client is a grantor, trustee or beneficiary
* Documents evidencing termination of grantor trust status of a trust client established or is or was deemed the grantor of
* Any powers of appointments in favor of client
* Powers of attorney client executed by client or where client is granted the power
* Documents client asks you to retain copies of
* Life insurance policies where you are trustee of client's ILIT
* Private letter tax rulings
* HUD-1 forms for real estate purchased
* 1031 basis and back up documentation
* 1035 basis and back up documentation

*This information was provided courtesy of Edward Mendlowitz, CPA, partner emeritus, WithumSmith+Brown, P.C. Ed was a speaker at the PSTAP Practice Management Seminar.*