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THE TAX LAWYER

Apr. 27 2012 — 5:53 am

Tax Return Filed? Now Consider Your Records

No one likes organizing records. If you just finished your tax return filings the last thing you want to do is look at them again. But now is the perfect time and it pays dividends. Here's why.

If you've ever tried to tell the IRS "I lost my receipt" you don't want to do it a second time. The IRS has heard every excuse in the book. See [IRS Publication 552](#). You'll find it far easier if you don't have to go to the additional effort of proving something by another means.

In cases of natural disasters traditional record-keeping can go haywire. The IRS suggests creating a backup set of records stored away from the originals. Another idea is to document valuables by photographs or videos. See [IRS Publication 584](#). For employers using a payroll service, ask your payroll service if it has a fiduciary bond. See [IRS Publication 583](#).

Here are some other IRS resources on this unpleasant but necessary topic: [Tax Relief in Disaster Situations](#) and [Frequently Asked Questions for Disaster Victims](#).



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If despite such safeguards, you **still** end up missing receipts, don't give up. **Other evidence** is sometimes enough to convince the IRS or the courts. Receipts are best, but if you can't find one, remember the Cohan Rule.

[George M. Cohan](#) was a Broadway pioneer whose hits included "Give My Regards to Broadway" and "Yankee Doodle Boy." His [statue](#) still commands Times Square. But the IRS disallowed Cohan's travel and entertainment expenses for lack of receipts.

He took the IRS to the Board of Tax Appeals, predecessor to today's [U.S. Tax Court](#). When it upheld the IRS, Cohan appealed to the Second Circuit. It rocked the IRS back on its heels with the Cohan Rule. See [Cohan v. Commissioner](#). To this day, it is an exception to stringent IRS recordkeeping requirements, allowing taxpayers to prove by "other credible evidence" they actually incurred deductible expenses.

The Cohan Rule is most classically applied to travel and entertainment, but can apply to virtually any item not specifically subject to heightened substantiation requirements (such as certain travel and meal expenses, passenger automobiles, computers and cell phones). If the IRS is convinced by oral or written statements or other supporting evidence and a reasonable approximation can be made, you may be entitled to the expense **despite** your lack of documentation.

Even charitable contributions have been allowed under the Cohan Rule, except where special [substantiation requirements](#) apply. Those rules require you to have a receipt even for small cash donations, including \$20 put in the collection plate on Sunday and (for donations of more than \$250) a contemporaneous written acknowledgement from the charity before filing your tax return. For more about the Cohan Rule, see [What If A Taxpayer Doesn't Have Receipts?](#)

See also:

[Need A Tax Receipt?](#)

[What If A Taxpayer Doesn't Have Receipts?](#)

[Keep Tax Records In The Vault!](#)

[Sometimes, Tax Receipts Are Optional](#)

[When Fighting IRS, Should You Pay To Stop Interest?](#)

[Dispute Your Tax Bill, But Not IRS Regulations!](#)

[Choose Your Ground In Tax Disputes](#)

[Ten Things To Know About Fighting An IRS Bill](#)

[Giving To Charity? Great. Staying Off IRS Radar? Priceless.](#)

[Three Tax Mistakes You Make Every Day](#)

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