

What records need to be kept?

It is the responsibility of every business to find out the details of which records it needs to keep.

Some examples of records that need to be kept are:

- › **Business formation records** – formation documents like the certificate of incorporation, constitution and share records for a company, trust deeds and partnership agreements.
- › **Licensing records and permits** – business name registration, ASIC annual statement, professional certification documents and licenses to carry on business, permits for water usage, use of hazardous chemicals and the like.
- › **Agreements and contracts** – purchase of business, supplier terms, customer proposals and agreements, lease and joint venture agreements.
- › **Basic financial records** – details of all transactions and bank statements, sales records and invoices, cheque books, bank deposit records, EFTPOS transactions, petty cash records, stock records and contracts.
- › **Financial statements** – trial balance, profit & loss statement, balance sheet, depreciation schedules.
- › **Personnel records** – tax file number, employment details, leave records (sick, annual and long-service leave), wage or salary rates, benefits and allowances paid, fringe benefits.
- › **Income tax records** – tax returns and amendments, log books for motor vehicle, travel and entertainment expenses receipts.
- › **GST records** – tax invoices sent and received, completed BAS/IAS forms and supporting information.
- › **Insurance records** – list of insured assets and policy documents.
- › **OH&S records** – hazard identification records, risk register, incident register and records of action taken.

This list is not exhaustive. Records essential to the running of the business should be identified and kept early and a process established for securely storing and maintaining them.

How should records be kept?

Some businesses use manual record-keeping systems, although this is usually only practical for those with a small number of transactions.

Most businesses use accounting software programs to reduce the workload involved in record-keeping and to quickly analyse information and produce informative reports. A business may require several software programs to cover all of their record-keeping needs.

Create a formal system to keep track of records and make it easy to retrieve information. Such a system would include a file and folders naming convention, a filing method and an index that can be searched.

You will also need an archiving and record destruction policy. The same approach can be used for both paper records and electronic data.

With more and more records being stored electronically, it is also important to have a secure electronic backup system to ensure records are safely stored and regularly backed up. Separate copies of backups should be kept in a different location.

How long should records be kept?

Retention time varies and depends on the type of record and for whom the record is kept.

Generally, you must keep your written evidence for five years from the date you lodge your tax return, or, if you:

- › Have claimed a deduction for decline in value (formerly known as depreciation) – five years from the date of your last claim for decline in value.
- › Acquire or dispose of an asset – five years after it is certain that no capital gains tax (CGT) event can happen, so you know you don't need the records to work out a capital gain or loss.
- › Are in dispute – the later of five years from the date you lodge your tax return or when the dispute is finalised.

Penalties may be applied if a business does not keep the required records. Record retention requirements should be noted in the business archiving and destruction policy.

More Information:

Business Advisory Services:

- › Local Business Adviser
- › Professional advisers such as lawyers, bankers and accountants, industry bodies and business owners in the same industry.
- › Australian Taxation Office:
www.ato.gov.au/businessess
- › Central West Business Enterprise Centre:
www.becbiz.com.au

www.bathurstregion.com.au/building-bathurst/