0417 197 358
hello@24books.com.au
ABN: 91 822 947 619

Business Information Sheet –

Record Keeping Obligations

Under tax law, if you are operating a business you are required to keep ALL records explaining declared income and expenses, (i.e., tax deductions), whether it is a $5,000 sale or a $2.00 deduction, the ATO want to see some form of proof and also they may seek out inconsistencies.

These inconsistencies may be seen in sales invoice numbering, cheque numbers, cost of goods to total sales margins, travel expenses, motor vehicle claims, and this list goes on. Don't assume the ATO won't look.

The ATO states: *To claim GST credits, you must have a valid tax invoice for the goods and services that you purchase for your business. However, you can claim GST credits for business purchases you make up to $82.50 without holding a tax invoice as long as you keep records that support the claim (for example, cash register dockets or receipts).*

You must have something to show proof of payment in order to claim an expense, even if it is less than $82.50.

Format of Records

- You may keep records in paper or digital format. The same criteria apply for both.
- The nature of the transaction must be clear.
- The document must be written in English and legible.
- The document can be easily accessed, printed or reproduced as needed.
- The documents are stored securely and are not altered or manipulated.

How Long to Keep Records

- **Business records** must be kept for a period of five years from the time your tax return is lodged.
- **Payroll records** must be kept for seven years after the end of the financial year.

Records You Must Keep

Sales records including:

- Sales invoices
- Sales vouchers or receipts
- Cash register tapes and daily reports
- Bank and credit card statements
- Point of sale system records

Purchases records including:

- Valid tax invoices
- Purchase receipts or proof of payment
- Cheque butts, bank and credit card statements
- Electronic transfer information
- Private usage workings

End of year records including:

- Asset and vehicle purchase records
- Debtors and creditors lists
- Inventory and Stocktake details
- Depreciation schedules
- Shares bought and sold

Payroll records including:

- Employee details including full name, date of birth, address, phone number, date of commencement with employer, tax file number
- Applicable modern award or other instrument governing employee entitlements and conditions, including job classification and description
- Employment contracts and individual flexibility arrangements
- Employment basis (casual, part-time or full-time), hours of work, rate of pay, allowances, loadings and other applicable payment amounts
- Timesheets and rosters
- Superannuation choice form
- Termination records—type of termination, type of payments applicable, basis of calculations
- Fringe benefits provided
- Leave entitlement records

Other records such as:

- Fuel tax credits calculations
- Capital gains tax records
- BAS amendments
- BAS lodged with ATO
- Business sale or purchase contracts and related documents
- Business registrations and licenses

References

ATO – Record Keeping for Small Business

FairWork – Record Keeping