

Record Keeping for Small Business

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Do you Keep Records of the Following

Do you use Menu Mate or similar Point of Sale Software to record ordering sales and stock control Y/N

Sales records

- | | |
|---|-----|
| 1. sales invoices, including tax invoices | Y/N |
| 2. sales vouchers or receipts | Y/N |
| 3. cash register tapes, credit card statements | Y/N |
| 4. bank deposit books and account statements. | Y/N |
| 5. Purchase/expense records | Y/N |
| 6. purchase/expense invoices, including tax invoices | Y/N |
| 7. purchase/expense receipts, which include an ABN | Y/N |
| 8. cheque butts and bank account statements | Y/N |
| 9. credit card statements | Y/N |
| 10. records showing how you worked out any private use of something you purchased | Y/N |

Year-end income tax records

- | | |
|--------------------------------|-----|
| 1. motor vehicle expenses | Y/N |
| 2. debtors and creditors lists | Y/N |
| 3. stocktake sheets | Y/N |
| 4. depreciation schedules | Y/N |
| 5. capital gains tax records | Y/N |

Payments to employees:

- | | |
|--|-----|
| 1. tax file number declarations and withholding declarations | Y/N |
| 2. withholding variation notices | Y/N |
| 3. worker payment records | Y/N |
| 4. PAYG payment summaries | Y/N |
| 5. annual reports | Y/N |
| 6. super records | Y/N |
| 7. records of any fringe benefits provided | Y/N |

PAYG withholding for business payments:

- | | |
|---|-----|
| 1. records of amounts withheld from payments where no ABN was quoted | Y/N |
| 2. a copy of any PAYG withholding voluntary agreements | Y/N |
| 3. records of voluntary agreement payments | Y/N |
| 4. all PAYG payment summaries, including PAYG payment summary – employment termination payments | Y/N |
| 5. annual reports | Y/N |

If you have answered **NO** to any of the above points that are relevant to your business, you may be exposed in a Tax Audit.

The most important reason for keeping good records is that it's a legal requirement.

- By law, you must keep business records for five years after they are prepared, obtained or the transactions completed, whichever occurs latest.
- There are penalties for not maintaining the required records and for not keeping them for five years. Keeping good records will help you avoid these penalties.

Other reasons for keeping good business records are:

- make it easier to complete your activity statements and prepare your annual income tax and fringe benefits tax returns.
- monitor the health of your business and be able to make sound business decisions – for example, by keeping track of debtors and creditors helps you to manage your cash flow so you can pay your tax when it falls due. demonstrate your financial position to banks and other lenders, and also to prospective buyers of your business.
- make best use of your tax adviser. Rather than paying them to sort through a shoebox of paperwork, give your tax adviser well prepared records and pay them instead to help you with your business and financial planning.

You can record the information from your business transaction documents in a cash book, either electronically or manually.

Recording your transactions manually can be as simple as using commercial cash book from a newsagent or a stationery shop.

To record your transactions electronically, you can use an electronic spreadsheet or a software package. There are various commercial packages available, ranging from fairly simple systems to much more complex ones.

The advantages of electronic record keeping helps you record your business transactions, including income and expenses, payments to workers, stock and asset details and automatically tallies amounts and provides ready-made reporting. Also can produce invoices and provide summaries and reports for GST and income tax purposes keeps up with the latest tax rates. Allows you to report certain information, such as your activity statement.

If you decide to go electronic, make sure you choose a software package that meets your business needs and Tax reporting requirements