



## ***How Do You Keep Good Business Records?***

*In today's business world, it is imperative that businesses have a good way of recording all transactions. Not only will it help you understand the financial health of your business, but it will keep you legally compliant with the Australian Taxation Office (ATO) and the Australian Securities and Investment Commission (ASIC).*

### **Requirements of the ATO**

Business records can be kept in paper or electronic format. The ATO recommends the use of electronic formats as it moves into electronic reporting and Single Touch Payroll (STP) to report tax and super obligations.

Keeping electronic records should make some tasks easier and save time once you have your system set up. Usually, keeping electronic records for the ATO is sufficient unless there is a law or registration that requires a paper or hard copy. You'll need to check the legal requirement of keeping paper copies for the legal system.

The ATO will accept an electronic version of a paper record, provided they are a true and clear production of the paper record and meet record keeping requirements. If you have saved an electronic copy of your paper version, you will not need to keep the paper version.

Record keeping tip: Store your records in a safe, secure place guarded by passwords and back them up into cloud-based storage as well as on a hard drive in the case of computer failure. The ATO recommends that you have access to your hard drive, and that you control the process of entering and sending information.

### **How long do you need to keep records for?**

Generally speaking, you'll need to keep your records for 5 years. The records you need to keep are from when you started or completed the transactions (or acts they relate to). However, if your business owns assets, you'll need to keep your records for more than 5 years. The Australian Securities & Investments Commission (ASIC) requires companies to keep records for seven years.

### **Manual vs Electronic bookkeeping**

Manual systems use a series of books or ledgers which can be obtained by a newsagent or office supply store. They are cheap to set up, are less likely to become corrupted and are simple to use and keep a track of.

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The advantages of electronic systems is that they take up less physical space to store, automatically calculates the amounts, reports are easy to generate and they are easy to back up. Electronic formats include accounting software, web-based systems and spreadsheets.

### **Software**

Accounting software can be bought off-the-shelf or can be tailored to your use and records your transactions, calculate your GST, update ledgers, prepare financial statements and generates invoices. The ATO recommends that Australian businesses use software that complies with Standard Business Reporting (SBR).

### **Web-based**

Web-based software programs will update your books from any location and provides a cloud-based storage system for your transactions. They can be cheaper than a digital option but may incur security risks.

### **Point-Of-Sale Systems**

As your business grows, or if you've changed business structure, you might need to update or change your system to a Point-of-Sale (POS) system. These systems can automatically adjust sales income and inventory records, create receipts, invoices and tax invoices and process EFTPOS and credit and debit card sales. These systems can be expensive and help from a Professional will help you make your decision.

It can be difficult setting up your record keeping without a bookkeeping background. If you need help getting started or you've outgrown your current processes, ITP can help with your business records and set up the best system for you.

***ITP The Income Tax Professionals have looked after Australian businesses for 50 years and offer tax as well as bookkeeping services. If you have any question or need help, reach out and speak with a Professional today.***

*ITP The Income Tax Professionals are more than tax agents. They have been helping Australian individuals and businesses with their business accounting and advice for 50 years and offer a wealth of knowledge. Speak to a Professional today and see how your business can be more profitable.*



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