



What are the five types of records you need to keep for businesses in Australia?

When you run a business in Australia, regardless of the business structure, the ATO requires you to keep records for taxation and employee obligations. The ATO can ask for your records for up to five years (and for some requirements even more), so it pays to be organised.

There are many benefits to keep good business records. They can help you:

- keep up to date with the health of your business to make good business decisions
- manage your cash flow
- meet your tax and employee obligations, such as PAYG and superannuation
- demonstrate the financial position of your business to potential lenders or investors
- If a dispute arises, you'll be able to back it up with the proof you might need

If your business is incorporated, you'll need to keep copies of any meeting minutes and constitution for the Australian Securities and Investment Commission (ASIC).

Tax and superannuation records

It is a legal requirement to keep records of all of your business transactions to support the information you supply to the ATO in your tax returns and reports.

The records you keep will depend on the tax and superannuation obligations that is required of your business as well as your business structure (whether you are a sole trader, company, partnership or trust).

What are the requirements of the Australian Taxation Office (ATO)?

The ATO has stringent requirements on the details of your records:

- You must store your records in a manner that keeps the information from being changed or damaged
- Your records must be kept for five years (or sometimes more), starting from when you prepare or obtained the record or completed the transaction (whichever is the later)
- If the ATO asks to see any record, you must be able to produce it
- Your records must be kept in English or easily converted into English. There is no excuse for foreign languages
- Records may be kept in paper (hard) or electronic format and should detail all transactions. Paper copies may need to be shown as evidence in legal matters to back up electronic evidence. Electronic copies are accepted by the ATO and ASIC as long as they are original in nature.

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What records do you need to keep?

There are a range of records you'll need to keep when you run a business in Australia, and which the ATO can ask to see at any time.

These include:

- financial records
- legal records
- employee records
- policy and procedures
- other business records.

1 Financial Records

The financial records of your business will show your cash flow, the financial position of your business and detail how you prepare your tax return. These documents include:

- receipts and invoices for the good and/or services you sell
- contracts with suppliers
- bank statements
- your business assets register
- depreciation schedules
- tax documents which include your Business Activity Statements (BAS) and annual tax returns
- business loans and/or shares

2 Legal Records

Legal records document how you operate your business and include:

- registration documents
- leases
- contracts with suppliers and clients
- insurance

3 Employee Records

You'll need to show the ATO that you're able to pay your employees correctly and meet their tax and superannuation obligations. Employee records might be needed to show insurers, the Fair Work Commission or a state Work Health and Safety organisation.

If you have employees, you'll need to keep records of:

- staff rosters, attendance and pay
- bank accounts, tax file number (TFN) and superannuation account details
- contact details
- work performance and history

4 Policy and Procedures

You'll need to provide your policy and procedures to staff when they start work and can be included as a part of their employment contract. Some industries will ask for your policy and procedures when working on site. Make sure to update your policies in line with legislative changes.

These records include:

- workplace health and safety plans
- dress standards
- sexual harassment policies
- operational manuals

5 Other Business Records

There are a range of other business records that should be stored, which includes:

- customer records
- complaints received
- dispute details
- quotes given and won
- advertising and marketing campaigns
- insurance policies

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How long should you keep your records for?

You need to keep your records and documents for different amounts of times depending on the government department or organisation that needs the information.

- Australian Securities and Investment Commission (ASIC) requires companies to keep records for seven years.
- The Fair Work Ombudsman (FWO) requires you to keep employee records for seven years.
- The Australian Taxation Office requires you to keep records for five years after they were created. If your business owns assets, you may be required to keep your records for a longer period

It's a good idea to use a professional record-keeping software program that complies with Standard Business Reporting (SBR). 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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