

Business records and how long to keep them

Record keeping workshops

A basic course on record keeping is a good idea. You can use the Workshops and Events calendar on the Business Victoria website to find a session near you (business.vic.gov.au).

Which tax, employment and other laws apply to business records?

The law says you need to keep some records for five or seven years:

- **five years:** non-company financial records
- **seven years:** financial records for companies, most employee records, and all records of fringe benefits and capital gains
- if you store financial records electronically, you must be able to produce a hard copy if the Tax Office or ASIC request it

We've also added a **best practice** tick ✓ for records where there's no legal requirement to keep or store a record, but where it makes good sense, e.g. when you sell the business a buyer might ask to see the cash-flow forecast and perhaps past cash-flow reports. Keep in mind some records and information, such as medical records, need to be stored securely to meet privacy laws.

While all the business records in the table are considered 'typical', not every business will keep every one. For example, Business A might use a cash register and write the day's sales totals by hand in a cashbook, while Business B makes all its sales online and payment is by direct bank deposit, with the day's totals added to the cashbook in the accounting software. Each business made sales, but used a different method to record them.

Common sense guidelines for stress-free record keeping

If you organise your records and keep them up-to-date (e.g. file them away or update the electronic version at least once a week) you'll stay on top of the task. This reduces stress and other problems such as finding a receipt to prove a claim for a tax deduction when the Tax Office asks you for it.

| Record type | Description | Legally required for five or seven years | Best practice to keep for five years |
|--|---|--|--------------------------------------|
| Records of money <i>coming into</i> the business (Note: companies must keep financial records for seven years.) | | | |
| Accounts receivable (or debtors ledger/customers) | Money others owe you, e.g. the tax invoices you give your customers. File by month issued. When paid, move the hard copies to accounts paid. Keep it with a list of your terms of payment for each debtor, e.g. 30 days. | ✓ | |
| Cash receipts book (or cash receipts journal, or in accounting software, the sales module) | Record of all money coming in, from sales and other sources, including electronic transactions such as bank transfers or customers' credit card purchases, the handwritten cash receipts book, cash register etc. Could also include bank interest or investment returns. Is combined with a cash sales book or kept separate. Some businesses will use a separate cash receipts book for each part of their operation. | ✓ | |
| Cash register Z totals | The total sales at the end of the day (or sales period) from a cash register tape or point-of-sale system (POS). The Tax Office expects you to keep cash register tape for a month before disposing of them and reconcile the records (you must keep the Z totals if you throw the tapes away). | ✓ | |
| Cash sales receipt book | Used to give your customers a handwritten record of a cash sale. The original book has a copy of each receipt. | ✓ | |
| Summary cash receipts book | Summarises your monthly and quarterly summaries of all cash payments ('cash' means all money coming in). | ✓ | |
| Tax invoices | Issued by you as the seller. Shows the price of a sale, if it includes GST, and the amount of GST. Includes your Australian Business Number (ABN). The tax office has rules for what information you have to put on a tax invoice. Check the Tax Office website for details. | ✓ | |

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| Records of money leaving the business: payments (Note: companies must keep financial records for seven years) | | | |
| Accounts payable (your creditors) | Money you still owe others on credit (i.e. bills, tax invoices). When paid, move hard copies to accounts paid, or to the file for the account used to pay the invoice. | ✓ | |
| Cash payments book and receipts | All purchases, including electronic. Records what you spent and how much GST was added. Can be combined with a cash receipts book or kept separate. | ✓ | |
| Cheque book butts | Record of the cheques you wrote to whom, for what, and when. | ✓ | |
| Credit card receipts | The receipts or tax invoice you get each time you use your credit card (the ones you sign). These transactions show up in your account statement. Store with your expense receipts. | ✓ | |
| PAYG withholding and superannuation records | How much was withheld from payments to employees, paid to the Tax Office and superannuation funds. | ✓ | |
| Petty cash book and receipts | Records small cash day-to-day purchases. You should also record where the money came from to fund the petty cash, e.g. a cash cheque paid to petty cash is a simple way to track petty cash. | ✓ | |
| Purchase orders | Copies of your official written order for others to supply you (legal document). | | ✓ |
| Summary cash payments book | Summarises the monthly and quarterly summaries of your cash payments (cash in this case means all payments). | ✓ | |
| Tax invoice | A bill paid for by you using cash or credit, e.g. gas, electricity, ISP charges, phone bills, stock. Once paid, file as paid accounts or to the file for the account used to pay the invoice. | ✓ | |
| Wages and salary records | What you paid employees, including any deductions you made on their behalf and passed on to the Tax Office, super funds etc. | ✓ | |
| General banking records (Note: companies must keep financial records for seven years) | | | |
| Bank account statements | Lists all money received and spent for one account, usually for a month. Can include the transactions for credit cards and cheque books attached to the account. An online bank statement gives quicker access, as the bank updates it every time they process a transaction. | ✓ | |
| Bank deposit book | Records the cash and cheques you've deposited at the bank. | ✓ | |
| Bank reconciliation statement | Your monthly check to see if all the money deposited by you, paid to others, bank fees and charges match the bank statement. (Also keeps you on track for your BAS.) | | ✓ |
| Credit card merchant statements | Statement showing customers' purchases for a particular credit or debit card, e.g. MasterCard. | ✓ | |
| Credit card statements | Statement showing the transactions for your credit cards, including charges. | ✓ | |
| Loans | Details of loans and repayment schedules. | | ✓ |
| General accounting reports and tax records (Note: companies must keep financial records for seven years.) | | | |
| These are a mixture of the reports you create to analyse business performance, and those you complete for the Tax Office. | | | |
| Balance sheet | Summarises the assets, ownership and liabilities for a financial year. | | ✓ |
| Break-even analysis | Shows how many sales you have to make before you cover costs and make a profit. | | ✓ |
| Business Activity Statements (BAS) | Copies of the BAS statement you have submitted to the Tax Office. Reports pay as you go (PAYG) withholding for employees, goods and services tax (GST), business income, fringe benefits tax (FBT) instalments, and what your calculations show you need to pay the Tax Office (or if they need to pay you). | ✓ | |
| Cash flow forecast | Calculates how much cash will be available to pay bills in the future. Crucial to your survival. | | ✓ |
| Depreciation schedule | Record of assets you claim depreciation for from the Tax Office, and the calculations, e.g. laptop. | ✓ | |
| Fringe benefits tax (FBT) | All fringe benefits tax (FBT) payment records must be kept for seven years. | ✓ | |
| Income tax returns | Copies of past returns summarising the year's trading sent to the Tax Office. Completed in addition to BAS. | ✓ | |
| Profit and loss | Summarises income and expenses over a period of time, usually a financial year. | | ✓ |
| Stock take register | End-of-financial-year comparison between current stock and your records of what you bought and sold. Used for some tax calculations, including obsolete stock write-downs. | ✓ | |

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| Personnel and employee records (You are legally required to keep most employee records for seven years.) | | | |
| Employee accreditation certificates, licences etc | A copy of the licences, registrations or permits an employee must have to do their job, e.g. food-supervisor's certificate, forklift licence, police check. | | ✓ |
| Employee details form | The employee's personal contact details and employment details. Will include medical, next-of-kin and banking details. | | ✓ |
| Employee exit form | Documents the circumstances of the employee's departure. Less important if they resign, but if you terminate or retrench them, you legally have to keep a detailed record of how you made the decision and the other options you explored. | ✓ | |
| Employee resume and job application | Documents the employee supplied you when they applied for the job. | | ✓ |
| Payment summary (once called Group Certificate) | End-of-financial-year summary of what you paid an employee (includes allowances or lump sums) and what tax and superannuation you withheld, as well as any union fees. You must send a copy to the employee by 14 July each year, even if they left before the tax year ended. | ✓ | |
| Performance reviews | Records your assessment of an employee's performance, targets and any decisions made by you or the employee, e.g. you agree to send them on a training course. | | ✓ |
| Position statements | As well as keeping position statements it can also be a good idea to keep job advertisements in case you need to re-advertise quickly. | | ✓ |
| Superannuation payments | Copies of the superannuation Standard choice form (the Tax Office form an employee completes to choose the super fund they want you to pay super contributions into). Details of the amounts paid and when paid, and the payments you based the calculations on. Keep the details of your membership for the super funds you contribute to on behalf of your employees. | ✓ | |
| Tax file number declaration form | The Tax Office form the employee completes to advise you of their tax details, and the deductions the employee directs you to make on their behalf (e.g. repay a HECS debt). You keep a copy and post the original to the Tax Office. | ✓ | |
| Timesheets, pay slips, and wages | Written record of what you paid employees and the deductions you made on their behalf, such as tax and super. Includes bonuses, hours worked, level at which they were paid, time taken off, type of leave taken, and how you calculated leave and wages. Check the Fair Work Online website for full details and templates (fairworkonline.gov.au). Accurate and complete records are essential. | ✓ | |
| Training records | The training your employees and you complete. If you're a Registered Training Organisation (RTO) different rules apply for how long you have to keep records. | | ✓ |
| Workplace agreements, awards and employment contracts | Any workplace agreements, awards or employment contracts. An employee has the right to see a copy of a workplace agreement, award or employment contract they work under if they request it. | ✓ | |
| WorkSafe injury insurance | Record of any claims, WorkSafe injury insurance agent's policy information, receipts for premiums and documents about injuries. If an employee notifies you of an injury, you must write back to them to acknowledge they advised you. Keep a copy of any records and letters for seven years. | ✓ | |
| Lists, registers and logs (Note: companies must keep financial records for seven years.) | | | |
| Capital asset register or asset register | What assets the business buys and sells to operate apart from stock and basic supplies, e.g. a vehicle or photocopier. Records should show when bought and sold, amounts; including details of any improvements you make, e.g. what it cost to convert a vehicle to run on gas. | | ✓ |
| Creditors' list | Who you owe money to, contact details and any agreements you have with them, e.g. refund policy. Terms of payment. | | ✓ |
| Debtors' list | Who owes you money. Contact details and agreements you have with them. Include the terms of payment for each debtor. Keep a list of the slow payers handy. | | ✓ |
| Plant and equipment maintenance and logs | Some equipment must be tested and tagged or regularly inspected, e.g. a boiler, construction tools, and some permanently-wired equipment. Records must be available for an audit. | | ✓ |
| Workplace injury register | Workplace book to record injuries (to comply with WorkSafe). Keep for seven years. | ✓ | |

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| Vehicle log books and expenses | Records of actual vehicle use and tax invoices for expenses. The Tax Office allows you to calculate vehicle expenses in six ways. Each method means you'll need to keep a different set of records. | ✓ | |
| Miscellaneous operating records (Note: companies must keep financial records for seven years.) | | | |
| Advertising (including online) | Copies of paid and free advertising. Details of online keyword campaigns and their results. | | ✓ |
| Business planning and emergency documents | E.g. business plan, marketing plan, succession plan, risk management plan, contingency planning kit, exit strategy, plans for a security system failure or catastrophic computer virus. | | as needed |
| Contracts and leases | E.g. the contract with your internet service provider (ISP) or mobile phone company, waste collection service, cleaning company, a hire-purchase lease for a vehicle, a retail lease agreement. | | ✓ |
| Customer surveys and research | Customer feedback information and complaints, any research or surveys you've done, and your complaints policy. | | ✓ |
| Delivery dockets | Match these (the ones you have received) to your creditor's end-of-month statement and your original purchase order if you sent them one. | | ✓ |
| File backups (personal and company information) | Your computer backups are best kept offsite (as are other irreplaceable documents) or loaded to a website designed for this purpose. If they include financial records, keep for five years (seven for a company, or records of fringe benefits or capital gains). You must be able to provide a hard copy of the electronic record for a financial transaction if the Tax Office or ASIC request it. | | as needed |
| Insurance policies | Keep a record of claims as future insurers will check your insurance history, including any claims you have made. Setting up a reminder to renew these is worth considering. | | ✓ |
| Intellectual property | Records of copyright, trademark or patent registrations. Set yourself a reminder for renewals. | | ✓ |
| Product manuals | For the appliances and equipment the business buys to operate, e.g. a fax machine. | | as needed |
| Accreditation/compliance records | All records that are required for accreditation and/or compliance (for example, records kept of temperature for a cafe etc) | | ✓ |
| Policy and procedure documents | Documents that provide details on policies such as travel policy etc and procedure documents such as evacuation procedures etc | | ✓ |
| Quote book | Records of the quotes you have given for work you hope to get. | | ✓ |
| Registrations, permits or licences required to run the business | Any you need to have to operate legally, e.g. EPA licence, liquor licence, business-name registration, food handling certificate, local council licence to put chairs on the footpath. Set yourself a reminder for renewals. | ✓ | |
| Security tapes, files, codes | Security camera tapes or files, access records, pass codes and programming information for the security system, as well as after-hours contact information for support. How long to keep records will depend on the security technology, and the type of business. | | as needed |
| Special records for companies | As well as what a company submits to the Tax Office, it also has to submit audited end-of-year reports to ASIC. The company's size dictates what to submit. There are strict requirements, and some reports can be lodged online. See the ASIC website (asic.gov.au) for details (look under 'Financial Reports') or talk to your tax professional. A company's financial records need to be kept for seven years. | ✓ | |

For more information:

- call Business Victoria on 13 22 15
- visit the Business Victoria website at business.vic.gov.au
- visit a Victorian Business Centre (VBC). For a list of VBC locations, go to business.vic.gov.au/vbc

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