Record keeping

Fast facts

Why keep good records

- Measure business performance
- Monitor the health of your business
- Identify issues early
- Claim tax deductions
- Pay only your fair share of tax
- Demonstrate financial position to lenders, businesses, prospective buyers
- Maximise your accountant's time

5 rules for record keeping

1. Keep all records
2. Don't change your records
3. Keep most records for 5 years
4. Show the ATO your records if they ask for them
5. Record in English

Digital record-keeping advantages

A commercially-available software package may help you:

- keep track of business income, expenses and assets as well as calculate depreciation
- streamline your accounting practices and save time so you can focus on your business
- automatically calculate wages, tax, super and other amounts, including
  - develop summaries and reports for GST, income tax, fringe benefits tax (FBT) and taxable payments reporting system (TPRS), as required
  - be prepared to lodge your tax and super obligations, including your tax return, business activity statements (BAS) and taxable payments annual report (TPAR) if you're a business that is required to
  - send some information to the ATO online (if the package meets ATO requirements), for example, your activity statement
  - meet your legal Single Touch Payroll (STP) reporting obligations
- back up records using cloud storage to keep your records safe from flood, fire or theft.

Choosing record-keeping software

You should choose record-keeping software that:

- you can understand and operate easily
- enables you to meet your record-keeping requirements
- enables you to report digitally to the ATO
- is Standard Business Reporting (SBR) compatible.

Private use of business assets

The ATO has found that when assets are used partly for the business and partly for private purposes, some businesses make common mistakes when accounting for that use. It's important to make sure all your assets are accounted for correctly, including where they are used for private purposes. If you use business assets for a mix of business and private use, you must only claim the portion related to your business. Working out the portion of the expense that’s related to your business, and the portion that’s related to your private use, is called apportioning. Accurate record-keeping practices help you apportion correctly.

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