

BUSINESS RECORD MANAGEMENT

The 'essential guide' to Business Record Retention

Keeping business records is essential for compliance purposes. We thought it would be a good idea to put a summary of the records that you need to keep in your business and for how long. Some are kept for Inland Revenue in the event of an audit or risk review. Others, such as payroll records, are required for other agencies.

Firstly, as a general rule of thumb, business records should be kept for seven years. The IRD can extend this in the case of an audit.

The following list is a useful guide to the sort of records you should retain. The list isn't exhaustive and is subject to change.

- All your business bank statements.
- A record of income e.g. invoices you have issued to your customers.
- Any electronic records.
- Any tax invoices you have received for your business expenses.
- Any credit notes that you have issued to customers.
- Any statements from the bank or finance companies setting out the interest paid during the year.
- If you have inventory, you should retain stock take records. A list of all your business's liabilities and assets.
- Any dividend payments you have received or interest paid on your business savings.
- Wage records for your employees. You can read more about the requirements on wage records by clicking [here](#).
- Any log books for motor vehicles where you claim running expenses in the business.
- Till tapes.
- Foreign exchange transactions.
- Any other necessary documents to confirm entries in your accounts e.g. your mortgage statements, rates, water charges, home telephone if you are claiming any of these as part of your home office claim.

The rule of thumb is to keep anything that you are relying on in your income tax, GST or other returns.

Many people think that you don't have to keep invoices under \$50 in value which isn't quite right. Certainly for GST purposes, only invoices over \$50 need to be retained but for income tax purposes, all invoices should be kept regardless of the amount.

All of this means an awful lot of paper. The great news is that Xero has a feature called files. This enables you to store source documents like invoices right next to the transaction in Xero. That saves a lot of filing and accountants love it as we can always find what we need when it comes time to doing your annual accounts or GST return.

You'll still need to retain your bank statements but you could choose to scan these and save them electronically in a product like Dropbox or Google Drive.

If you close down your business and remove your subscription with Xero but subsequently need access to your records again (say if you're audited), you can still access your data. Just contact Xero support.

The IRD will accept electronic versions of documents now so there is no need to retain any paper. PDF files are perfectly acceptable.

We hope this guide is useful but of course if you have any specific questions don't hesitate to contact us

This resource has been kindly provided by

GENERATE ACCOUNTING

If you have any questions, please call 0800 CHAMBER (0800 242 623).

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