

Record keeping - checklist

This factsheet tells you about some of the benefits of keeping good records. It also has a checklist of the types of records you need to keep.

Benefits

If you're going to make a success of running your business, you need to keep good accurate records.

There are legal reasons as well as good business reasons to keep these records.

Making tax compliance easier

Reduce your tax bill

You can claim business expenses against your income, reducing your tax bill. If we audit you, good records will support your expense claims.

Complete returns more easily

Keeping your records up to date makes it easier to file your GST and income tax returns and meet your employer obligations (if you're an employer).

Avoid penalties

Accurate records let you complete your tax calculations faster and more accurately, avoiding any possible penalties for incorrect returns and underpaid taxes.

Managing your business better

Better control of your business

Good records show you if your business is making enough money to meet its expenses and make a profit. They show what you're spending money on and where this money is coming from - helping you in budgeting and decision making.

Better business decisions

Regularly updating your records lets you identify any problems and make timely corrections. Waiting till the end of the year to find out if your business is making (or losing) money, may be too late.

Managing your cash flow

By regularly updating your records you can keep a track of the flow of money in and out of your business to manage your outgoings. You can plan for periods of low cash flow, eg, a seasonal downturn, and identify the right times to buy business assets.

Lower your accounting costs

If your records are in good order, your agent or accountant will need to spend less time preparing your accounts - time you are paying for. You'll be able to use their services for more specialised tax and financial advice instead.

Increasing your funding opportunities

Good record keeping makes it easier to see if your business or project is worth investing in. It's also much easier to put a good case together when applying for loans or grants if you've got accurate records to support your plans. Keeping accurate records shows potential lenders evidence that your business is being run professionally, making it a better prospect for investment.

This is also true if you're thinking of selling the business. Potential buyers can check your performance by looking at your records. They'll know that it's much easier for them to take over a well-organised business.

Remember these handy tips

It's important for records to be easily readable and organised enough for you or anyone to work through them quickly.

If you store your records on a computer, be sure to keep back-up copies in case your system breaks down. It's a good idea to keep the back-ups off-site.

Checklist

You may decide to do your business accounts yourself or delegate the task. Either way, it's up to you to know what records you need to keep. Our interactive "Tool for business" has more information on record keeping that will help you as well. Go to www.ird.govt.nz (search keyword: tfb).

You'll find the following checklist helpful to work out what records you need to keep.

All businesses should keep the following records

- | | |
|---|---|
| <input type="checkbox"/> Core records
cashbooks, petty cashbooks
list of people who owe you money
list of people you owe money to | <input type="checkbox"/> Worksheets
showing tax return calculations
vehicle logbook calculations
home office calculations |
| <input type="checkbox"/> Income
invoices, credit card sales
debit and credit card notes | <input type="checkbox"/> Asset register
depreciation schedule and calculations |
| <input type="checkbox"/> Expenses
invoices for purchases
receipts for credit card purchases | <input type="checkbox"/> Financial accounts
balance sheets
final profit and loss statements |
| <input type="checkbox"/> Banking
cheque and deposit books
bank and credit card statements
interest statements | <input type="checkbox"/> List of assets and liabilities |
| | <input type="checkbox"/> Dividend statements |
| | <input type="checkbox"/> Legal documents
sale and purchase agreements
lease agreements
credit agreements |

Records you should keep if you:

employ staff

- wage book**
for all Paye, KiwiSaver, student loans and child support deductions
- employment agreements**

use a cash register

- till tapes and reconciliations**
- day books**

register for GST

- tax invoices**
- other invoices**

offer fringe benefits

- full records of any benefits**
entertainment expenses
free or discounted goods and services

keep stock

- stock records**
manual system - stock cards, regular inventories
computer system - record all stock movements,
link to POS (point of sale) if possible

regular stock-take forms

use accounting software

- regular back-ups off-site**
- software manuals**

use a home office

- records relating to home costs**
insurance, rates, power, phone, maintenance costs

use a private vehicle for business

- full records of vehicle running costs**
vehicle logbook



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