SML Bookkeeping & Tax

Business Record Keeping Basics

KS-005

The records small businesses should keep to support tax, BAS and management decisions.

TOPIC	PREPARED BY	FORMAT
Small business education	SML Bookkeeping & Tax	Knowledge Sheet

Key message

Good record keeping is the foundation of accurate tax returns, BAS lodgements, payroll, bookkeeping and business decisions. A business should keep clear evidence of income, expenses, payroll, assets, bank transactions and key business events.

Record keeping - simple monthly workflow

1 **Collect**
Capture invoices, receipts, contracts and statements.

2 **Store**
Save records in a consistent digital location or software system.

3 **Reconcile**
Match records to bank transactions and accounting reports.

4 **Review**
Check missing items before BAS, payroll or tax deadlines.

Why record keeping matters

Records prove what happened in the business. They help accountants prepare accurate lodgements, help owners understand performance, and support the business if the ATO asks questions later.

Core records to keep

- Sales invoices, receipts and point-of-sale reports.
- Supplier bills, purchase receipts and expense documents.
- Bank statements, loan statements and credit card statements.
- Payroll records, employee details and super payment evidence.
- Asset purchase documents, contracts and lease agreements.

Good record keeping habits

- Upload receipts as soon as possible instead of waiting until month end.
- Use consistent naming and folders for digital files.
- Reconcile bank accounts regularly.
- Keep personal and business spending separate where possible.
- Ask the accountant before deleting or changing historical records.

Common mistakes to avoid

- Relying only on bank transactions without keeping invoices or receipts.
- Mixing personal and business expenses without notes.
- Leaving cash sales or online platform income outside the accounting file.
- Waiting until tax time to organise a full year of records.

Example

A small retail shop uses Xero, Square and a business bank account. The owner should keep daily sales summaries, supplier invoices, bank statements, payroll reports and reconciliation records so BAS and tax returns can be prepared efficiently.

Common Questions

Is a bank statement enough proof for expenses?

Usually not by itself. A bank statement shows payment, but invoices or receipts explain what was purchased and whether it relates to the business.

Can records be kept digitally?

Yes, digital record keeping is common, but records should be clear, readable and easy to retrieve.

How long should records be kept?

Record retention periods depend on the record type and circumstances. Businesses should follow ATO guidance and accountant advice.

Reference Sources

Source	Used for
Australian Taxation Office	Official record keeping requirements and retention guidance.
Business.gov.au	Practical small business record keeping overview.
Xero / MYOB / QuickBooks	Software-based document capture and reconciliation context.

Important note

This Knowledge Sheet provides general information only. It does not take into account the full circumstances of any business. Speak with SML Bookkeeping & Tax before making tax, payroll or compliance decisions.