

# Nine key benefits of good records

## Easier tax compliance

### 1. Reduce your tax bill

You can claim business expenses against your income, reducing your tax liability. Good records allow you to support your expense claims if you are audited. (If your records cannot confirm an expense, we may not allow you to claim it.)

### 2. Complete returns more easily

Keeping your bookkeeping up to date makes it easier to file your GST and tax returns and meet your employer obligations (if you are an employer).

### 3. Avoid penalties

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

### 4. Reduce time and stress

If you're in business you can expect to be audited by us at some stage. The audit is likely to be much faster and less stressful if your records are well kept. You don't want to be distracted from your core business activities by having to search for or explain missing records and documents.

## Better business management

### 5. Better control of your business

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

### 6. Better business decisions

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

### 7. Manage your cash flow

You can track the flow of money in and out of your business. You know what's coming in, and what commitments you must meet. You can plan for periods of low cash flows (such as seasonal downturns) and identify the right times to buy business assets.

### 8. Lower your accounting costs

If your books are in order, your accountant will spend less time preparing your accounts—time that you are paying for. You'll be able to use the accountant's services for more specialised tax and financial advice instead.

## Increased funding opportunities

### 9. Increase finance or funding chances

Good record keeping makes it easier for others to know whether to invest in your business or project. It's much easier to put a good case together when applying for loans or grants if you've got accurate records to support your intentions. Keeping accurate records provides lenders with evidence that your business is being run professionally, which makes 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 also know that it will be much easier for them to take over a well-organised business.

#### Two tips on record keeping

1. It is important that the records should be easily readable and organised enough to allow you or anyone to work through them quickly.
2. If you are storing your records on a computer, be sure to keep back-up copies of your records in case your system breaks down. Keep the back-ups elsewhere.

