

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.



Ministry of Finance and Economic Management
Revenue Management Division



www.mfem.gov.ck/tax

Go to our website for information and to use our online services and tools.

- Get it done online—complete forms and returns and make payments
- Forms and guides—you can view and download our guides and forms or fill in forms on line
- Free Tax Seminars—Revenue Management will endeavour to hold free tax seminars regularly on new businesses and basic tax obligation requirements for any interested taxpayers, businesses and community.
- You can also call us on phone +682 29365 or visit us at our office in Avarua between the hours of 8.30 am to 4.00 pm, Monday to Friday.

FREE TAX ADVISORY SERVICE

Our Tax Outreach Officer runs free tax seminars and workshops for new businesses and organisations.

For more information contact Chiavanni Le'Mon on phone +682 29365 ext 8227 or email

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Benefits

If you're going to make a success of running your business, you need to keep accurate records. There are legal reasons as well as good business reasons to keep these records.

Making tax compliance easier

Complete returns more easily

Keeping your records up to date makes it easier to file your VAT 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 until 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 specialized tax and financial advice instead.

Increasing your funding opportunities

Good record keeping makes it easier to see if your business or projects 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 it's much easier for them to take over a well-organised business

Checklist

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

- Core records**
Cashbooks, petty cashbooks, list of people who owe you money, list of people you owe money to.
- Income**
Invoices, credit card sales, debit and credit card notes.
- Expenses**
Invoices for purchases, receipts for credit card purchases.
- Banking**
Cheque and deposit books, bank and credit card statements, interest statements.
- Working papers/worksheets**
Worksheets showing tax return calculations, and any private use apportionment for mixed use business assets.
- Asset register**
Depreciation schedule and calculations.
- Financial accounts**
Balance sheets, final profit and loss statements.
- List of assets and liabilities**
- Dividend statements**
- Legal documents**
Sale and purchase agreements, lease agreements, credit agreements.

Records you should keep if you:

Employ staff

- wage book** - For all salary and wage payments and PAYE deductions
- employment agreements**

Use a cash register

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

Register for VAT

- tax invoices**
- other invoices**

Keep stock

- stock records** - Stock cards, stock take forms

Use a home office

- records relating to home costs** – insurance, power, phone

Use a private vehicle for business

- full records of vehicle running costs** – vehicle logbook