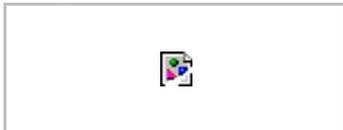


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Record keeping (self-employed)

By law, you must keep business records for at least five years and ten months after the end of the tax year the records relate to. You can be charged up to £3,000 for failure to maintain or retain the records you need to

make a tax return.

You'll need to keep your business records and personal records separate. Most businesses find that it helps to have a separate business bank account.

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Basic records you must keep

Your basic records will normally include:

- a record of all your sales, with copies of any invoices you've issued
- a record of all your business purchases and expenses
- invoices for all your business purchases and expenses, unless they're for very small amounts
- details of any amounts you personally pay into or take from the business
- copies of business bank statements

You or your accountant use these records to create a profit and loss account - which shows the sales income you've received and the expenses you've paid, and what profit/ loss you've actually made.

[Setting up a simple profit and loss account for your business - learn how on the Business Link website](#)
(Opens new window)

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Working in the construction industry

If you work in the construction industry you'll need to keep records of all your income and expenditure - whether you're paid 'gross' or with deductions towards tax. If deductions are made you'll need to keep your payment statements and - where higher rate deductions are made - the verification number. You'll need these for your Self Assessment tax return to reclaim any overpayment of tax.

[Record keeping for the Construction Industry Scheme \(CIS\) - read a detailed guide](#)

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Capital allowances

It's helpful to keep a separate record of purchases and sales of assets that you use in the business, such as equipment. These need to be treated differently in your tax return.

You can claim capital allowances for assets, which means that rather than claiming the whole cost at the time

you buy, you reclaim the cost over time.

[Capital allowances - find out more on the Business Link website \(Opens new window\)](#)

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Other records you must keep

All businesses are different and there are many specific types of detailed record that may need to be kept. Some examples of records you should keep include:

- cash book
- petty cash book
- order notes and invoices
- copy sales invoices
- details of any other business income received
- details of any private money brought into the business
- till rolls or other form of electronic record of sales
- details of any other income
- any cash taken out of the till to pay small business expenses
- bills and invoices for purchases and expenses
- a record of stock on hand at the end of the year
- all bank and building society statements, pass books, cheque stubs and paying-in slips which include details of business transactions

All this information will be useful in completing your Self Assessment return. You'll need to keep certain records and hold on to them for several years so that you can back up the information you put on your return.

[Record keeping for tax - the basics](#)

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Records related to both business and personal use

It's important that you keep your business and personal records separate. For assets that you use for both business and personal purposes - for example shop premises that include a flat - you must keep enough records so that you can work out what expenditure relates to business use and what is private. For example:

Sales

You must keep a record of:

- any stock you take for personal and family consumption
- goods or services you supply to someone else in exchange for goods or services -barter transactions

Even if you don't record these through a till, you'll need to make a record at the time the transaction takes place of the goods taken or supplied and their retail price.

Motor vehicles

If you use the same vehicle for both business and private purposes, you should keep enough details to help you split the total amount you spend between business and private use. Usually it'll be enough to keep a record of business and private mileage and to split the vehicle running costs in the same proportions.

[Tax relief for the self employed - find out more](#)

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If you've got more than one business

If you've got more than one business or self-employment then you'll need to keep separate records for each and complete the self-employment supplementary pages - SA103S if your turnover was below £67,000 or SA103F if the turnover was £67,000 or more - for each one.

[Go to Self Assessment forms, guidance and supplementary pages](#)

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If your records are lost or destroyed

If your business records are lost or destroyed and you can't replace them you must let us know what's happened and you'll have to try to recreate them.

Once you've gathered the replacement information use this to complete your tax return. You must tell us whether any provisional figures are:

- an estimate - a figure you want us to accept as your final figure
- a provisional figure - one you want to use until you can confirm the actual amount (you must tell us when you will be supplying actual figures)

Use the 'Additional Information' section to say how you've arrived at these figures and why you can't use actual figures. If you make adjustments later and you've underpaid tax you may have to pay interest and penalties.

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