
Importance of keeping records to your business

As a business owner, you need to be 100% sure that your business is keeping accurate financial records. If not you are at significant risk of contravening Canada Revenue Agency (CRA) regulations. 'If you are carrying on a business or engaged in a commercial activity in Canada, you are required by law to keep adequate records'. Your records must provide enough details to determine your tax obligations. Your records must be supported by original documents. Beside the wrath of the CRA, poor record keeping can also cause your business literally endless headaches should you suffer a significant event outside of your control that interrupts the normal functioning of your business. Whether it's the illness of a key member of your business who is the go-to person for the information or a disaster that negatively impacts your place of business, the consequences can be devastating if you do not have ready access to your business records.

At Accounting 360 Solutions we work closely with our clients to assist in ensuring that they have their records in place to satisfy their CRA obligations. Also, we routinely assist our clients to identify options to safely secure their documents electronically, so they can be accessed easily. Regardless of your current situation, it's a good idea to review your record management procedures to ensure you are doing all you can to mitigate the risks that poor record keeping can pose to your business. With that in mind, we have outlined some general tips to help you quickly review your business' recordkeeping preparedness:

- CRA requires you maintain supporting documentation for income tax filing for seven years. They also require most books of accounts, records, and source documents be retained for at least seven years after the end of the last tax year to which they relate. These records include: invoices for purchases and sales, deposit slips, cheques, and contracts, as well as any records that are used to prepare financial statements of the business. The seven-year rule also applies to capital purchases including the last tax year in which a disposal of the capital property occurred because the purchase records would be required to calculate the gain or loss on disposal.
- Utilize electronic record keeping. Take advantage of electronic receipts, e-statements, online invoices and banking transactions & records. They are much more efficient, offer faster processing than paper records and can protect against the consequence of a fire, flooding or other events that could affect access to your records.
- Be mindful of the need to keep important business correspondence for continuity purposes. Routinely review important email correspondence between you and your key suppliers, and employees. Decide what is important and put together a plan to safeguard this information. An affordable option for most businesses is to use a cloud-

Need help with the assignment?

Our professionals are ready to assist with any writing!

GET HELP

based storage system to secure your company's important documents and information. We have years of experience in assisting businesses keep proper financial and operational records.

gradesfixer.com

Need help with the assignment?

Our professionals are ready to assist with any writing!

GET HELP