

## Working in Practice

### Statutory Requirements for Record Keeping

There are number of key issues with filing and the storage of client information that require care and attention: -

The Data Protection Act 1998  
HMCE Requirements  
Inland Revenue Requirements  
Companies House Requirements

#### **The Data Protection Act 1998**

The Data Protection Act came into force in March 2000 and applies to both personal data, held both manually and electronically, and would cover those records held by accountants as part of the day to day running of a practice. Registration is necessary and can be applied for via the Data Protection Commissioner, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF  
Notification Hotline: 01625 545 740.

<http://www.dataprotection.gov.uk>

There is a fee of £35 per year.

#### **HMCE Requirements**

HMCE require all business records to be kept for 6 years.  
If VAT returns are done manually, a copy of this return, plus the VAT account are also necessary. If filing for VAT online, the system will send a copy of the VAT return filed, and a reference, which must be kept as proof of sending.

#### **Inland Revenue Requirements**

##### For Companies

All companies are required by Company law to maintain records. For most companies, in most situations, this will be enough to satisfy the Corporation Tax requirement, as long as records are kept for up to six years after the end of the accounting period to which they relate, and are the basis on which the company has completed its Tax Return.

- These records must be kept for six years from the end of the accounting period. If, at the six-year point, a return is under enquiry, then this period is extended to the end of the enquiry.
- Records to be kept include records of all receipts and expenses and, for companies with trades involving dealing with goods, records of sales and purchases.

The Companies Act separately requires registered companies to keep accounting records.

Your company may need to keep its record longer than six years if it makes its return late.

### For Self Assessment

For businesses that are not limited companies, the basic requirement is that normally records must be retained for five years from the 31<sup>st</sup> January following the tax year for which the tax return is made.

For example, for the 2004 tax return, to complete and send 31<sup>st</sup> January 2005, records must be retained until at least 31<sup>st</sup> January 2010.

Individuals, not carrying on a business, who are required to complete a tax return, will normally have to retain their records for at least 22 months from the end of the tax year to which they relate. For example, for the 2008 tax return issued on 6<sup>th</sup> April 2008, records will have to be kept until at least 31<sup>st</sup> January 2010.

There are special circumstances that need to be checked for assets that are bought and sold and the records to be kept in these situations.

### **Please note that in the following three situations the records have to be kept longer.**

- If there is any enquiry into the tax return that has not been completed by the date for which records normally has to be retained, the records for that period must be retained until that enquiry is completed.
- Where no enquiry has been started, but the statutory period for starting the enquiry has not been reached by the date for which records normally have to be retained (usually because the tax return has been sent back late). In this case the records must be retained until the latest date for starting an enquiry has passed or the date such an enquiry is completed, if this is later.
- The date on which a request to complete a tax return is after the date to which records normally have to be kept. In that case the records in existence at the date requested to complete the tax return must be retained until the latest date for starting an enquiry has passed or, if later, the date such an enquiry is completed.

### **Companies House**

Companies House hold all documents filed to them for 20 years. There are no statutory requirements, but there is a recommendation to hold any documents for 10 years.