Audit Proof Your Business:

1. Keep all receipts for purchases. Make sure that you’ve paid the proper sales taxes and that they are shown on the receipt.
2. If you buy items for resale make sure that you have a current reseller’s permit at all times. You must pay sales tax if you do not have a current reseller’s permit.
3. Charge sales tax on sales as required. Your invoices must show sales tax as a separate line item. (There are some exceptions where you can say “includes 10% sales tax.)
4. If you have customers who purchase your products to resell you must have a current reseller’s permit from that customer. It must be valid for the date of your sale.
5. Your sales should match up with your bank deposits unless you’ve deposited funds from other sources. Make notes of the other funds deposited and keep those notes with your bank statements.
6. Keep timecards for each pay period for each employee. These can be as simple as a written note of hours and days worked. Do not pay employees with cash, use a check to record their pay.
7. Store your records in an organized fashion that works for you. They can all be filed in a monthly file or envelope or filed by customer. If you are audited you will need to be able to assemble invoices/receipts, etc for specific dates. There are many opinions on how long you should keep your business records. Sales tax and payroll audits generally go back up to 4 years. The best advice I can give for storing records is to keep them for at least 5 years and keep tax returns indefinitely.

Be sure to store records in a secure location and shred old records when you are sure that they are no longer needed.

1. Do NOT use cash. In the case of an audit you will need proof. If you pay for things with cash keep the receipts together with the month’s paperwork. If you make cash deposits make sure you have proof/records of where the cash has come from.
2. Call Julie if you have specific questions or need help organizing your records.