

## ***HOW LONG SHOULD YOU KEEP BOOKS & RECORDS?***

There is no simple answer to this question because different types of record are covered by different types of legislation, as shown by the following summary:

### Value added tax

By law, VAT records have to be kept for six years unless Customs and Excise allows a shorter period. Any request you make to keep records for a shorter period must be accompanied by a full explanation of why it is considered impractical to keep the records.

### PAYE

The Inland Revenue recommends that pay records be kept for at least three years after the income tax year to which they relate.

### Taxes generally

For periods before the start of self assessment the Inland Revenue can issue an assessment at any time up to six years after the end of the chargeable period to which the assessment relates. There is no limit in cases of fraud or wilful default. From April 1996, all business records must be retained for a period of (broadly) six years.

### Company records

Under corporation tax self assessment, accounting records must be preserved for six years from the end of the accounting period.

With regard to the statutory books, there are no specific requirements, but the Companies Act states that an entry relating to a former member of the company may be removed from the Register of Members 20 years from the day he or she ceased to be a member.

Also, the Register of Directors and Secretary must include details of past directorships held within the preceding five years.

### Government grants

Documents relating to Government grants must generally be kept for four years from receipt of the grant. Where grant aid is still being received, no documents should be destroyed without consulting the relevant Government department.

### Limitation Act 1980 - general periods

The 1980 Act allows an action to be brought on a contract for up to six years from the event (e.g. breach) that gave rise to the claim.

Where a contract is under seal (or deed), the time limit is twelve years.

These periods govern how long invoices and other documents should be retained as evidence in case of a claim by, or against, another party.

### Conclusion

Taking into account the various requirements outlined above, we recommend that you keep all records for at least six years after the end of the accounting period or tax year.

Updated: March 2006

© Garbetts Limited