

## **RECORD-KEEPING REQUIREMENTS FOR A SMSF**

Trustees of every SMSF are required by legislation to maintain certain records. The Australian Taxation Office (ATO) also provides guidelines to assist trustees in fulfilling their record-keeping requirements.

The following information was provided by the ATO website.

Trustees should take minutes of all investments, including:

- why a particular investment was chosen; and
- whether all trustees agreed with the decision.

If, as one of the trustees of the SMSF, you invest the Fund's money in an investment that fails, other trustees of the fund could take legal action against you for failing to be diligent in your duties. Section 52(2) requires each trustee to exercise such care, skill and diligence. If, however, your investment decision is recorded in meeting minutes and those minutes were signed by the other trustees, you will have a record showing that the other trustees agreed with your actions.

The following records are required by SISA legislation or regulation for specified minimum lengths of time:

Minimum of 5-years:

- accurate and accessible accounting records that explain the transactions and financial position of the SMSF;
- annual operating statement and statement of the SMSF's financial position (profit & loss statement and balance sheet);
- copies of all Annual returns (tax returns) lodged with the ATO;
- copies of other statements you are required to lodge with the ATO. This may include Activity Statements or PAYG Payment summaries;
- documents sent to other super funds, such as rollover statements.

Minimum of 10-years:

- minutes of trustee meetings and records of decisions made, where matters affecting the SMSF were discussed, such as reviewing the fund's investment strategy;
- records of all changes to the fund's trustees;
- trustee declarations recognising the obligations and responsibilities for any trustee or director of a corporate trustee appointed after 30 June 2007;
- Member's written consent to be appointed as a trustee;
- copies of all reports given to members;
- documented decisions about the storage of collectibles and personal use assets.

Each trustee must also be aware of requirements to retain records under the Income Tax Assessment Act, especially documents relating to tax deductions, capital gains and losses.

Finally, all records must be kept in writing and must be in English. The keeping of electronic records is acceptable, however they must be capable of verification by the ATO and must be in a form that they can access and understand.

Where trustees do decide to maintain records in electronic format, we believe the following must be taken into consideration:

- will the format you have chosen be accessible in 10-years, or longer? With the rate that changes now occur in computers, trustees will need to ensure all electronic historical records are updated to the latest formats. Updates to some software or changes to operating systems may make older documents inaccessible;
- there is always a risk that electronic storage devices can fail. Trustees should ensure that data backup procedures are in place.

Each trustee should also be aware that the record-keeping responsibilities mentioned above do not lapse where a fund is wound up. The time requirements mentioned above remain, so some documents must be retained for up to 10-years after the fund closes as does the trustee's responsibility.