


***ST 2271 - SALES TAX : GUIDELINES RELATING TO  
THE RETENTION AND FORMAT OF RECORDS  
REQUIRED TO SATISFY THE STATUTORY  
REQUIREMENTS OF SUB-SECTIONS 70E(1) AND (2)  
OF THE SALES TAX ASSESSMENT ACT (No. 1)***

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TAXATION RULING NO. ST 2271

SALES TAX : GUIDELINES RELATING TO THE RETENTION AND  
FORMAT OF RECORDS REQUIRED TO SATISFY THE STATUTORY  
REQUIREMENTS OF SUB-SECTIONS 70E(1) AND (2) OF THE  
SALES TAX ASSESSMENT ACT (No. 1)

F.O.I. EMBARGO: May be released

REF H.O. REF: J343/2 P3 DATE OF EFFECT:

B.O. REF: DATE ORIG. MEMO ISSUED:

F.O.I. INDEX DETAIL

REFERENCE NO: SUBJECT REFS: LEGISLAT. REFS:

I 1209951	RETENTION & FORMAT OF RECORDS	STAA (No. 1) s.70E(1) s.70E(2)
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PREAMBLE Sub-section 70E(1) of Sales Tax Assessment Act (No. 1)  
requires every person who is a manufacturer or wholesale  
merchant to keep proper books or accounts including:

- a) all copies of invoices and all vouchers relating  
to his business;
- b) all documents upon which any endorsement, notice  
or certificate has been made or given to him upon  
or in connection with the quotation of  
certificates by purchasers from him; and
- c) all certificates or other documents in respect of  
sales of goods treated by him as exempt from sales  
tax received by him from purchasers, and accepted  
by him as evidence that the goods have been sold  
under conditions which entitle him to exemption,

for a period not less than 5 years after the completion of the  
transactions, acts or operations to which they relate.

2. Sub-paragraph 11(6)(a)(i) of the Sales Tax Assessment  
Act (No. 1) also requires that a registered person keep proper  
books or accounts for the purposes of that Act. Sub-paragraph  
11(6)(a)(i) and section 70E also apply, mutatis mutandis, to  
Sales Tax Assessment Act Nos 2-10.

3. Many of these sales tax requirements would overlap and  
complement the income tax requirements except that the  
respective retention periods differ, seven years applying for  
income tax purposes and five years for sales tax purposes. In  
appropriate cases, the Commissioner needs to take into account  
the requirements of both taxes. However, under paragraph  
70E(1)(b) and 70E(1)(c), certain documents which relate  
specifically to sales tax transactions, e.g., conditional  
exemptions from tax for purchasers, need to be retained for  
sales tax purposes only.

4. Amendments to the Acts Interpretation Act 1901 have

introduced a new section 25 which includes a definition of "document" and provides a revised definition of "writing" that includes most modern methods of storing and reproducing words, figures, symbols, etc. Additionally, section 25A of that Act requires that persons storing information by such means should be able to produce, when required, the stored information in a form capable of being understood by the court, tribunal or person requiring the information.

5. The changes to the Acts Interpretation Act support the view that the Commissioner's powers under section 12E of the Sales Tax Procedure Act 1934 allow him to request that information be provided in a form capable of being understood by him and any officer authorised by him to obtain it.

6. The requirements of the Sales Tax legislation regarding the time for which records must be retained are not intended to be altered by this Ruling. Failure to hold records for the required period will continue to be an offence punishable by a fine not exceeding \$2000. This Ruling intends to provide guidelines relating to the format in which records may be retained.

#### RULING

7. Business records which must be retained for the statutory period include documents which provide a record of or enable business transactions to be traced and verified through the accounting system from the source to the financial accounts. Traditionally such records have been documents such as vouchers, invoices, journals, ledgers, banking records and the various financial accounts. With the advent of computerised accounting systems many of these traditional documents and records may have been eliminated or significantly altered in format.

8. In recognition of the changes which have taken place it has been determined that microfilm and computer output to microfiche are to be considered to be alternative methods of record retention.

9. Where it is intended to convert original records to microfilm or computer output microfiche (or to produce film/fiche as original output) the process must be carried out in such a manner that the film/fiche will be a true and clear reproduction of the original documentation. Appropriate facilities must be provided for the presentation of film/fiche for the statutory period and facilities must be provided, including a projector/viewer, for viewing the records. A print of any information contained in the film/fiche must be provided on request to the Taxation Office and the print must be a true and clear reproduction of the film/fiche.

10. Records maintained on film/fiche should be sufficient to describe in detail, and provide an audit trail of, all individual transactions. The audit trail should be designed so that details underlying the summary accounting data e.g. invoices, vouchers etc., may be identified and made available to the Taxation Office upon request.

11. It should be noted that in the case of legal documents conversion to microfilm will not satisfy the requirements of section 70E.

12. It is also pointed out that the Taxation Administration Act 1953 provides severe penalties for offences relating to the keeping of records. Sections 8L, 8Q and 8T of that Act deal respectively with incorrectly keeping records, recklessly or knowingly incorrectly keeping records and incorrectly keeping records with the intention of misleading or deceiving. Offences against these provisions carry penalties ranging upwards from a fine not exceeding \$2000 for a first offence against section 8L to a fine of \$5000 or imprisonment for up to 12 months, or both, for an offence against section 8T.

COMMISSIONER OF TAXATION  
26 July 1986

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