

Financial record keeping for professional practices

Professional practices often ask us how long they need to keep hold of their records. It can be difficult to find a definitive answer, so we've made it easy by putting all the information in one place. Within this document is information on records such as:

- LLP tax returns
- SRA breaches register
- VAT returns
- AR1 – Accountant's Report Form
- Invoices for capital items

Solicitors Accounts Rules

Document	Retention period	Reason for retention period
AR1 – Accountant's Report Form (applicable to SRA regulated law firms only)	At least six years	Solicitors Regulation Authority guidance
SRA breaches register (applicable to SRA regulated law firms only)	Implied at least six years	Solicitors Regulation Authority guidance

Purchase invoices and supplier documentation

Document	Retention period	Reason for retention period
Payment cash book or records of payments made	Six years from the end of the financial year in which the transaction was made	Companies Act/HMRC
Purchase ledger		Companies Act/HMRC
Revenue invoices		Companies Act/HMRC
Petty cash records		Companies Act/HMRC
Invoices for capital items		10 years

Income/ monies received

Document	Retention period	Reason for retention period
Bank statements	Six years from the end of the financial year in which the transaction was made	Companies Act/HMRC
Bank reconciliations		Companies Act/HMRC
Receipts cash book		Companies Act/HMRC
Sales ledger		Companies Act/HMRC

Tax records

Document	Retention period	Reason for retention period
Transfer pricing agreements	Six years after the end of the accounting period the tax return relates to / the date on which the enquiry period for the tax return closes	Finance Act
LLP tax returns	Five years	HMRC
Corporation tax returns	Six years	HMRC
VAT returns	Six years	VATA 1994 Sch 11 para 6(3)
Records of all delivery of goods or services and imports and exports for VAT purposes	Six years	VATA 1994 Sch 11 para 6(3)

Employment records

Document	Retention period	Reason for retention period
Income tax records re employees leaving e.g. P45	Six years plus current year	Taxes Management Act
Annual return of employees and directors expenses and benefits (P11D)	Six years plus current year	Taxes Management Act
Certificate of pay and tax deducted (P60)	Six years plus current year	Taxes Management Act
Records of pension deductions	Six years plus current year	Pensions Act

Employment contracts

Document	Retention period	Reason for retention period
Wages and salary records	Six years plus the current year	Taxes Management Act
Redundancy details	Six years after employment has ceased	Best practice
Application forms	Six months to a year	Equality Act 2010 One year limitation for defamation actions under Limitations Act
Maternity/ paternity/ adoption pay records	Three years after the end of the tax year in which maternity period ends	The Statutory Maternity Pay Regulations
Statutory sick pay records	Three years after the end of each tax year for Statutory Sick Pay purposes	Statutory Sick Pay (General) Regulations

Buildings, plant and engineering

Document	Retention period	Reason for retention period
Deeds of title	Permanently or until property is disposed of ¹	Limitations Act 1980
Leases	12 years after the lease and liabilities under the lease have terminated	Limitations Act 1980

Insurance documents

Document	Retention period	Reason for retention period
Policies	Three years after lapse	Data Protection Act ²
Claims correspondence	Three years after settlement	Data Protection Act ²

Other documents

Document	Retention period	Reason for retention period
Minutes of general meetings and members' resolutions passed other than at a general meeting	Minimum 10 years after the date of the meeting/resolution/decision	Companies Act/HMRC
Fixed assets register	Permanently	Companies Act/HMRC

¹ Copy of title deeds should be kept for six years after disposal.

² Where Data Protection Act is cited in this document it should be noted that neither the Data Protection Act 2018 nor the General Data Protection Regulation specify any retention timeframes. We have included suggestions that we feel are reasonable "best practice" but Organisations should adopt their own retention periods in these cases, documenting also the reason for the retention.