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IRAS e-Tax Guide

Simplified Record Keeping Requirements for Small Businesses (Fourth Edition)

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1. Aim

- 1.1. This e-Tax Guide aims to assist small businesses to comply with IRAS' Simplified Record Keeping (SRK) requirements. IRAS recognises that small businesses typically have simpler business and tax affairs. As long as they qualify for SRK, they can adopt the SRK requirements from 1 Jan 2014 for the Year of Assessment 2015. The qualifying conditions for SRK are defined in Section 4.

2. At a glance

- 2.1. All businesses must adhere to various record keeping requirements for tax purposes. To simplify record keeping for small businesses, IRAS has further streamlined these requirements. From 1 Jan 2014, small businesses (i.e., sole-proprietorships, partnerships and self-employed persons) that qualify for SRK will only need to keep **business records (e.g. registers, listings) and not source documents**, such as receipts and invoices, which directly contribute to the preparation of the business records. For verification purposes, IRAS may request for the original business records instead of the source documents. However, small businesses will still need to retain all other source documents such as contracts and correspondences that cannot be translated into a listing or register, and hence cannot be verified based on a business record.

3. Importance of Record Keeping for Businesses

- 3.1. It is important for all businesses to keep proper records. This will enable you to:
 - a) Make better business decisions;
 - b) Be aware of the financial status of your business (e.g. profit or loss position, whether there is any internal fraud or theft);
 - c) Reduce the cost and effort required to accurately file the annual income tax return and to reply to IRAS' queries (if any).
- 3.2. Businesses need to meet all the record keeping requirements (e.g. keeping all source documents) specified in the following e-Tax Guides (whichever is applicable):
 - “Record Keeping Guide for Non-GST Registered Businesses”;
 - “Record Keeping Guide for GST-Registered Businesses”.
- 3.3. You are required to keep records for a minimum period of 5 years after the date on which your company/ sole-proprietorship/ partnership is struck off/ dissolved/ wound up.

3.4 Non-compliance with record-keeping requirements may constitute an offence where a maximum fine of \$5,000 and / or a jail term of up to six months may be imposed¹.

4. Qualifying Conditions for Simplified Record Keeping

4.1 A small business (i.e., sole-proprietorship, partnership and self-employed person) that meets all the following conditions can qualify for SRK:

- a) The business' annual revenue² must be \$200,000 or less for the past two financial years;
- b) The business' assets³ amounted to less than \$100,000 as at the end of the latest financial year;
- c) The business is not in the business of investment holding⁴ or property development; and
- d) The business is not GST-registered.

4.2 A qualifying small business may adopt the SRK requirements (detailed in Section 5) once it has met the qualifying conditions (Paragraph 4.1). However, you should ensure that your business will be able to maintain its eligibility for the foreseeable future, as switching from SRK requirements to full record keeping requirements may incur significant business costs. If you do not foresee that your business will be able to maintain its eligibility⁵, it is advisable to continue meeting the record-keeping requirements specified in Paragraph 3.2.

4.3 A new business which has yet to file your first annual income tax return can choose to meet the SRK requirements right from the start of your business operations, if you expect to meet the qualifying conditions (Paragraph 4.1) in the foreseeable future.

4.4 You do not need to inform IRAS on your choice to meet the SRK requirements. Please refer to **Appendix 1** for examples illustrating Paragraphs 4.1 to 4.3.

¹ Under Section 67 of Income Tax Act 1947 and Section 46 of Goods and Services Tax Act 1993.

² Refers to revenue before factoring in business discounts.

³ Value of assets refers to the total gross book value of fixed and current assets.

⁴ An investment holding company's principal activity is to own investments such as properties and shares for long-term investment and derive investment income such as dividends, interest and rental.

⁵ Businesses may foresee that they would not be able to maintain their eligibility if they are currently engaged in the following activities e.g.:

- Negotiating a high-value business contract
- Acquiring a high-value piece of machinery or equipment
- Discussing a possible diversification of business operations into property development

5. Simplified record keeping requirements for qualifying small businesses

5.1 Qualifying small businesses should translate source documents such as receipts and invoices into business records and keep the following business records⁶ (where applicable):

- a) Daily Revenue Record (please refer to **Appendix 2** for a sample);
- b) Daily Purchases Record (please refer to **Appendix 3** for a sample);
- c) Monthly Record of All Business Expenses⁷ (please refer to **Appendix 4** for a sample);
- d) Details of Daily Transport Expenses (please refer to **Appendix 5** for a sample); and
- e) Details of Monthly Staff Remuneration Expenses (please refer to **Appendix 6** for a sample).

5.2 Business records kept for a financial year can be used to prepare the Statement of Accounts⁸ (please see **Appendix 7** for a sample) and Balance Sheet⁹ (please see **Appendix 8** for a sample). A business can refer to the Statement of Accounts and the Balance Sheet when preparing its annual income tax return. Please refer to Appendices 2 to 8.

5.3 Qualifying small businesses are required to provide receipts upon request by their customers. This is to allow customers who do not qualify for SRK to meet their record-keeping requirements. However, qualifying small businesses will not need to keep the source documents. IRAS has published record keeping guidelines and/or templates for selected industries¹⁰. If a qualifying small business belongs to one of these industries, it may choose to rely on the industry-specific guidelines and templates instead.

⁶ Besides maintaining business records, businesses opting for SRK requirements are also required to keep the relevant source documents if they wish to avail themselves of benefits under any cash payout scheme. Please note that under Sections 37R(24) and (26) of the Income Tax Act 1947, businesses claiming cash payout under the Enterprise Innovation Scheme must retain records for a period of 7 years.

⁷ Business expenses are expenses incurred in the course of running a business e.g. staff remuneration expenses, rental, utility charges and telephone charges.

⁸ Statement of Accounts shows the financial results of a business for a financial year and should be prepared on an accrual basis i.e. income is to be recorded on the date it is earned and expenses are to be recorded on the date they are incurred.

⁹ Balance Sheet shows the assets and liabilities of, and money invested in a business as at the end of a financial year. It should be prepared on an accrual basis.

¹⁰ For the list of selected industries (e.g. beauty and wellness operators, entertainers and entertainment organisers, hawkers, sharing economy players), please refer to IRAS website at www.iras.gov.sg (Taxes > Individual Income Tax > Self-Employed and Partnerships > Tax obligations by industry, trade or profession).

6 Tips for record keeping

6.1 You should keep records from the commencement of your business operations. Failure to do so may result in more time and effort spent on record keeping subsequently. These are some tips for record keeping:

- a) Set up a record-keeping system which can be understood by any person familiar with the business operations, and not solely the accounts personnel. Ensure the system includes alerts for following-up on debts owed to your business or taking action when payments are due;
- b) Utilise digital systems, such as accounting software, to accurately and easily record transactions;
- c) Record transactions daily to keep records up-to-date;
- d) Verify the accuracy of all transactions; and
- e) Set up a bank account for the business to enable clearer management of business funds.

7 For more information and clarifications

7.1 For more information on record keeping, please visit IRAS website at www.iras.gov.sg (Taxes > Individual Income Tax > Self-Employed and Partnerships > Tax obligations of Self-Employed Persons > Keeping proper records and accounts).

7.2 For clarifications on this e-Tax Guide, please email IRAS through our secured email channel, myTax Mail by logging in to myTax Portal (www.mytax.iras.gov.sg) using your Singpass or Singpass Foreign user Account (SFA).

8 Updates and amendments

	Date of amendment	Amendments made
1	20 Nov 2020	<ul style="list-style-type: none"> Updated the qualifying conditions for SRK in paragraph 4.1 by increasing the revenue threshold from \$100,000 to \$200,000 from 1 Jan 2020 (i.e. Year of Assessment 2021) onwards Updated the examples in Appendix 1 to reflect how the revised qualifying conditions can be applied.
2	21 Apr 2022	<ul style="list-style-type: none"> Updated the qualifying conditions for SRK in paragraph 4.1 by clarifying that the annual revenue reported by the business concerned must be \$200,000 or less for the past 2 financial years from 1 Jan 2020 onwards (i.e. Year of Assessment 2021), to qualify for the SRK initiative. Updated the citations (i.e. title change) of the relevant tax acts in footnote 2 at page 1, to align with the changes introduced under the 2020 Revised Edition of Acts that came into force on 31 Dec 2021. Updated the website paths in pages 3 and 4 as well as Appendix 4 to facilitate the tracing of the website locations of the relevant information in IRAS website. Indicated examples of specific industries or professions where record keeping templates are provided in IRAS website in footnote 5 at page 3.
3	23 Apr 2024	<ul style="list-style-type: none"> Regular review: Made editorial edits for brevity. Updated the record keeping period required by businesses claiming cash payout under the Enterprise Innovation Scheme. Clarified circumstances where source documents are still required to be maintained. Updated the tips for record keeping.

		<ul style="list-style-type: none">• Updated examples in Appendix 1 to reflect self-employed persons.
4	30 Jan 2026	<ul style="list-style-type: none">• Editorial changes in the e-Tax Guide.

Appendix 1 – Examples of how businesses may be considered to have qualified for SRK

The following examples are discussed in the context of a taxpayer who is considering his/her record keeping obligations in relation to 2023 (i.e. Year of Assessment 2024).

Example 1

A sole-proprietorship in the business of selling clothes was set up on 1 January 2022, with December being the business' financial year-end. The total assets of the business as at 31 December 2023 amounted to \$88,000 and the past business performance is as follows:

- Revenue for 2022: \$180,000
- Revenue for 2023: \$155,000

The sole-proprietorship can be considered to have met the qualifying conditions and can choose to adhere to the SRK requirements with immediate effect if it expects to meet the qualifying conditions in the foreseeable future.

Example 2

A sole-proprietorship in the Food and Beverages (F&B) industry was set up on 1 January 2022, with December being the business' financial year-end. The total assets of the business as at 31 December 2023 amounted to \$150,000 and the past business performance is as follows:

- Revenue for 2022: \$218,000
- Revenue for 2023: \$95,000

The sole-proprietorship's total assets as at the latest financial year exceeded \$100,000 and its annual revenue exceeded \$200,000 for one financial year. It has failed to meet the qualifying conditions and thus, cannot choose to adhere to the SRK requirements.

Example 3

A partnership selling hardware was set up on 1 January 2023, with December being the business' financial year-end. The total assets of the business as at 31 December 2023 amounted to \$80,000 and the past business performance is as follows:

- Revenue for 2023: \$195,000

The partnership has filed an income tax return for its first year of business. As the partnership has only been set up for one financial year, it has failed to meet the qualifying conditions and thus, cannot choose to adhere to the SRK requirements.

Example 4

A partnership in the business of investment holding was set up on 1 January 2022 with December as its financial year-end. The total assets of the business as at 31 December 2023 amounted to \$500,000 and the past business performance is as follows:

- Revenue for 2022: \$150,000
- Revenue for 2023: \$170,000

As the partnership is in the business of investment holding and its assets exceeded \$100,000, it has failed to meet the qualifying conditions and thus, cannot choose to adhere to the SRK requirements.

Example 5

A sole-proprietorship in the business of repairing computers is newly set up and has not filed its first annual income tax return yet. The business' financial year end is December.

The business can choose to meet the SRK requirements if it expects to meet the qualifying conditions in the foreseeable future.

Example 6

A commission agent (self-employed person) started deriving commission income on 1 Jan 2022. His total assets in relation to his commission income was \$20,000. His past commission income derived are as follows:

- Income for 2022: \$185,000
- Income for 2023: \$190,000

The commission agent can be considered to have met the qualifying conditions and can choose to adhere to the SRK requirements with immediate effect if he expects to meet the qualifying conditions in the foreseeable future.

Example 7

A hawker (self-employed person) started deriving business income on 1 Jan 2023. His total assets in relation to his income was \$50,000. His total income for the financial year 2023 was:

- Income for 2023: \$150,000.

The hawker has filed an income tax return for his first year of receiving business income. As the income was only for one financial year, the commission agent has failed to meet the qualifying conditions and thus, cannot choose to adhere to the SRK requirements.

Appendix 2 – Daily revenue record

Name of Business / Taxpayer: _____

Financial Year: _____

S/N	Month											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30												
31												
Total												

Appendix 3 – Daily purchases record

Name of Business / Taxpayer: _____

Financial Year: _____

Month: _____

S/N	Date of Purchase	Name of Supplier	Description of Goods / Services Received	Amount Payable	Mode of Payment (Cash/Cheque)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
Total					

Appendix 4 – Monthly record of all business expenses

Name of Business / Taxpayer: _____

Financial Year: _____

Month: _____

S/N	Date Expense is Incurred	Description of Expense ¹¹ (e.g. rental, transport ¹² , staff remuneration ²)	Amount Payable	Mode of Payment (Cash/Cheque)	Amount Payable to
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
Total					

¹¹ Only allowable expenses can be claimed for income tax purposes – please refer to IRAS website at www.iras.gov.sg (Taxes > Individual Income Tax > Self-Employed and Partnerships > Business expenses and deductions).

¹² For transport and staff remuneration expenses, details have to be recorded. Please see Appendices 5 and 6 for sample templates.

Appendix 5 – Details of daily transport expenses

Name of Business / Taxpayer: _____

Financial Year: _____

Month: _____

S/N	Date	Purpose of trip	Destination	Mode of transportation ¹³	Person incurring expense (Name and Designation)	Amount
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
Total						

¹³ Expenses incurred on private cars are disallowable expenses for income tax purposes

Appendix 6 – Details of monthly staff remuneration expenses

Name of Business / Taxpayer: _____

Financial Year: _____

Month: _____

S/N	Name of employee ¹⁴	Designation	Identification number	Remuneration	Employer CPF	SDL ¹⁵	FWL ¹⁶
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
Total							

¹⁴ Business owners' salaries are disallowable expenses for income tax purposes.

¹⁵ SDL – Skills Development Levy

¹⁶ FWL – Foreign Worker Levy

Appendix 7 – Statement of accounts

NAME OF BUSINESS / TAXPAYER: _____

IDENTIFICATION NUMBER: _____

NATURE OF BUSINESS: _____

For Financial Year:

\$

\$

REVENUE (Total Sales / Income) (Refer to Appendix 2 for daily business record template)

Cost of Goods Sold

{Opening Trading Stock + Trading Stock Purchased (Refer to Appendix 3 for daily purchases record template) – Closing Trading Stock}

Box 1

GROSS PROFIT / LOSS

{Revenue less Cost of Goods Sold}

BUSINESS EXPENSES¹⁷ (Refer to Appendix 4 for monthly business record template)

Telephone charges

Entertainment expenses

Utility charges

Rental

Stationery

Advertising

Transport expenses (Refer to Appendix 5 for daily business record template)

Staff remuneration expenses

(Refer to Appendix 6 for monthly business record template)

Other business expenses:

(Insert description of expense and corresponding amount below)

i) _____

ii) _____

iii) _____

iv) _____

Total Business Expenses

Box 3

NET PROFIT / (LOSS)

Box 4

Prepared by:

Certified correct by:

Name: _____

Name: _____

Designation: _____

Designation: _____

Date: _____

Date: _____

Signature: _____

Signature: _____

¹⁷ Private and capital expenses (e.g. expenses incurred on private cars, business owners' salaries and private medical costs) are disallowable expenses for income tax purposes.

Appendix 8 – Balance sheet* (Sample below is for a sole-proprietorship)**BALANCE SHEET AS AT DD MM 20XX**

	\$	\$	\$
ASSETS			
NON-CURRENT			
Motor Vehicle			
Less: Accumulated Depreciation	X	XX	
Machinery	X		
Less: Accumulated Depreciation	X	XX	XXX
			XXX
			Box 1
CURRENT			
Trading Stock			XXX
Trade Debtors			XXX
Prepayments and Deposits			XXX
Cash and Bank Balances			XXX
			XXX
TOTAL ASSETS			Box 2
{Box 1 plus Box 2}			XXX
			Box 3
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-Term Loans			XXX
			XXX
			Box 4
CURRENT LIABILITIES			
Trade Creditors			XXX
Short-Term Loans			XXX
			XXX
TOTAL LIABILITIES			Box 5
{Box 4 plus Box 5}			XXX
			Box 6
PROPRIETOR'S FUNDS			
Capital			XXX
Retained Profits	X		
Current Year Profit	X	XX	
Less: Drawings		XX	XXX
TOTAL PROPRIETOR'S FUNDS			XXX
TOTAL LIABILITIES AND PROPRIETOR'S FUNDS			XXX
{Box 6 plus Box 7}			Box 7
			Box 8

Prepared by:

Name: _____

Designation: _____

Certified correct by:

Name: _____

Designation: _____

Date: _____

Date: _____

Signature: _____

Signature: _____

* In a correctly computed balance sheet, total assets should equal to total liabilities and proprietor's funds. (i.e. Box 3 Should be equal to Box 8)