The Paper Trail of a One-Person Business

A simple filing system for the receipts, permits, and contracts of a Philippine solopreneur

TATSULOK RESEARCH

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Abstract. A negosyante running a business alone does not have a records department; the records live in a drawer, a shoebox, a phone gallery, and three email accounts. This note describes a filing system small enough to keep on a single shelf and strict enough to survive a tax examination, a lease dispute, or a supplier disagreement. It sorts every business paper onto one of three shelves, states the current retention rule for receipts and books of accounts under the Ease of Paying Taxes Act, and gives one test that tells you whether the system is working. Nothing here requires software, a bookkeeper, or more than one afternoon to set up.

1 The Shoebox Problem

Ask a solopreneur where a specific receipt is and the honest answer is usually a place, not a system: the shoebox under the counter, the folder in the tricycle compartment, the screenshot somewhere in the phone. The papers exist. What does not exist is a way to produce the right one on the day it is needed.

That day arrives on someone else's schedule. A Bureau of Internal Revenue examiner asks for the supporting receipts behind an expense. A landlord disputes what the lease said about who repairs the roof. A supplier insists the agreed price was higher than the one you remember. In each case the paper settles the question, and in each case the paper is only useful if it can be found while the question is still open.

The failure is rarely that a document was never kept. Filipino small-business owners are careful keepers; the sari-sari store that has operated for fifteen years still has its first mayor's permit somewhere. The failure is retrieval. A pile is a place where papers go; a system is a place where papers come back from.

> *A pile is where papers go. A system is where papers come back from.*

This note proposes the smallest system we know of that actually comes back. It has three shelves, one retention rule, and one test.

2 Three Shelves

Most filing advice fails a one-person business because it is written for an office: a dozen categories, color-coded tabs, a cabinet nobody buys. Three categories are enough, because every paper a business generates answers one of three questions: am I allowed to operate, what did money do, and what did we agree to?

Every paper a small business keeps belongs on one of three shelves: permits, which let you operate; money, which records what you earned and spent; and promises, which hold what you and others signed.

2.1 Permits

The permits shelf holds what the government issued to you: the DTI or SEC registration, the barangay clearance, the mayor's permit, the BIR Certificate of Registration, and every renewal. These papers share two properties. They are replaceable only through queues, and they are requested on short notice, usually at renewal season or during an inspection. Keep the current version in front and staple each year's renewal behind it, newest first.

2.2 Money

The money shelf holds what happened financially: official receipts and sales invoices you issued, receipts for what you purchased, bank and e-wallet statements,

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and the books of accounts themselves. This is the shelf a tax examination reads. It is also the shelf that grows fastest, which is why the retention rule in Section 3 matters: it tells you when a paper may finally leave.

2.3 Promises

The promises shelf holds what was signed: the lease on the stall, supplier agreements, loan documents, delivery terms, employment papers if you ever take on help, and the warranties on your equipment. A promise document differs from a money document in one important way. Its value is not in what happened but in what was agreed would happen, so it stays valuable for as long as the relationship lasts, and often a while after.

If a paper seems to belong to two shelves, it goes where it will be looked for during a dispute. A signed delivery agreement with prices on it is a promise; the receipts for the deliveries made under it are money.

3 How Long to Keep Receipts

The question every negosyante asks about the money shelf is when a paper may be thrown away. The answer changed recently, and the old answer is still widely repeated, so it is worth stating the current rule plainly.

Under Revenue Regulations No. 7-2024, which implements the Ease of Paying Taxes Act, books of accounts and their supporting records must be preserved for five (5) years. The five years are counted from the day following the deadline for filing the return for the taxable year the records cover, or from the date the return was actually filed, whichever comes later.[1]

Two cautions keep the rule honest in practice. First, if a tax case, claim, or audit involving those records is pending, keep them until it is fully resolved, whatever the calendar says. Second, the rule is a floor for the money shelf only. A lease or loan agreement on the promises shelf is kept for the life of the obligation, not for five years.

4 The Five-Second Test

A system needs a way to know it is working before the day it is needed. Ours is deliberately strict.

A filing system passes the five-second test when any single paper it holds can be produced within five seconds of being asked for.

Five seconds sounds severe for a drawer and a folder, but notice what it actually requires. It does not require speed of hand; it requires that you never have to search. You reach for the shelf, the shelf has an order, the paper is where the order says. If finding a paper requires leafing through unrelated ones, the system has already failed, and it failed silently, before anything was at stake.

Run the test monthly with one random paper from each shelf. Three papers, fifteen seconds, done while the rice cooks. When a paper fails, do not file it better; ask which shelf it should have been on and whether that shelf's internal order (newest first, by counterparty, by year) is one you can actually maintain.

5 A Starter Checklist

Table 1 is the whole system on one page. Set it up in an afternoon; the monthly test keeps it alive.

Shelf	What goes on it	How long
Permits	DTI/SEC, barangay, mayor's permit, BIR CoR	Life of the business
Money	ORs, invoices, purchase receipts, statements, books	5 years (RR 7-2024)
Promises	Lease, supplier and loan agreements, warranties	Life of the obligation

Table 1: The three-shelf system at a glance. The money-shelf period assumes no pending tax case; see Section 3.

6 Closing Note

None of this is clever, and that is the point. A one-person business does not need an archive; it needs to answer questions about itself faster than trouble can ask them. Three shelves sort every paper by the question it answers. One rule says when the money shelf may shrink. One test, run monthly, tells you the truth about whether any of it works.

The papers were always yours. This just makes them answer.

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[1] Revenue Regulations No. 7-2024, Bureau of Internal Revenue, implementing Republic Act No. 11976 (the Ease of Paying Taxes Act). The previous regime under RR No. 17-2013 and RR No. 5-2014 required ten years, with the first five in hard copy. That ten-year rule is superseded, though it still circulates in older guides.