

ATO RECOVERY ACTIONS & YOUR OPTIONS

A practical guide to managing unpaid tax debt & protecting your business, your directors and your options

An ATO debt does not automatically mean your business is in serious trouble. The strongest outcomes usually come from lodging on time, engaging early, keeping current obligations up to date and taking action before the ATO is forced to act.

HOW ATO RECOVERY CAN PROGRESS

1

EARLY CONTACT & VOLUNTARY COMPLIANCE



The ATO is encouraging you to fix the issue.

- Reminder letters and calls
- Requests to lodge or pay
- Invitations to discuss options
- Opportunity to enter a payment plan

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FORMAL PAYMENT MANAGEMENT



A payment plan or structured arrangement is in place.

- Regular repayments expected
- Future obligations must be kept current
- The ATO is monitoring compliance

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ESCALATED ATO RECOVERY ACTION



The ATO has lost confidence the debt will be resolved voluntarily and begins recovering the debt.

- Stronger recovery powers used
- You lose more control
- Consequences can escalate quickly.



WHAT YOU SHOULD DO:

- Lodge all obligations on time
- Pay what you can, when you can
- Contact the ATO early
- Consider a payment arrangement
- Seek advice before the debt grows



WHAT YOU SHOULD DO:

- Keep to your payment plan
- Pay new BAS/PAYG and super when due
- Review cash flow and profitability
- Contact the ATO if circumstances change
- Get advice if it becomes difficult.



WHAT YOU SHOULD DO:

- Respond immediately
- Understand your exposure
- Keep lodging and keep paying what you can
- Seek specialist professional advice urgently

RECOVERY ACTION THE ATO MAY USE AT STAGE 3



GARNISHEE NOTICES

The ATO can collect money directly from your bank, customers or third parties.

Impact: Immediate cashflow pressure. You may lose access to funds you were expecting.



CREDIT REPORTING

The ATO may report qualifying tax debts to credit reporting agencies.

Impact: Can affect your ability to obtain finance, trade credit & supplier relationships



DIRECTOR PENALTY NOTICE (DPN)

Directors can become personally liable for unpaid GST, PAYGW or super debts after as little as 3 months.

Impact: Personal liability for company tax debts. Options become time critical.



LEGAL PROCEEDINGS

The ATO may issue statutory demands, commence court proceedings, apply to wind up a company or make you bankrupt.

Impact: Formal legal action with serious consequences for you and your business.



Recovery action rarely comes without warning. The earlier you engage, the more control you keep and the more options are available.

ACTIONS TO RESOLVE THE DEBT



PAY IN FULL

Use cash reserves, refinance, sell assets, obtain finance or receive contributions from owners or investors.



PAYMENT PLAN

Repay the debt over time through an agreed payment arrangement.



SMALL BUSINESS RESTRUCTURE (SBR)

A formal process that allows an eligible company to propose a compromise to creditors while directors remain in control.



LIQUIDATION

Close the company, realise assets and distribute funds to creditors.



PERSONAL INSOLVENCY

Bankruptcy or a Personal Insolvency Agreement (PIA) for individuals or sole traders.



IF YOU RECEIVE A DIRECTOR PENALTY NOTICE, GARNISHEE NOTICE OR LEGAL NOTICE, DO NOT IGNORE IT.

Deadlines are short and the consequences can be serious. Seek professional advice immediately.



The earlier you act, the more options you will usually have.

HOW WE CAN HELP

If you're behind on lodgements, worried about ATO debts or need help getting things back on track, we can help.

- Catch up on outstanding lodgements
- Review your ATO debts & correspondence
- Review business financials
- Connect you with specialist advisors



Don't wait until the ATO takes action. The sooner you understand your position, the more control you keep.