

Strike a pose Small Business Restructuring In vogue



The relatively new corporate insolvency option of Small Business Restructuring (SBR) was hastily introduced in 2021 (a Government Covid-19 response) to assist small businesses in financial difficulty.

The novel feature of an SBR is that it allows a small business to propose a Plan to its creditors to restructure its debts while the directors remain in control of the business.

The other key benefits of SBRs are:

- An independent assessment of whether the business can be rescued.
- Cheaper than voluntary administration.
- Avoids liquidation.
- Produces a better payment arrangement with the ATO.

Empirical evidence to date shows that the ATO is the predominant creditor in most SBRs, and that if the Plan is appropriately structured and the relevant supporting information provided, the ATO is largely open to and supportive of the SBR process.

To be eligible for an SBR, the company must:

- Be insolvent or about to become insolvent.
- Have total liabilities/creditors that do not exceed \$1 million (including contingent liabilities but excluding employee entitlements).
- Not, nor any of its directors, have been through an SBR in the last 7 years.

In addition, to be eligible to propose a restructuring Plan (up to 20 days into the process), the company must also:

- Be up to date with all tax lodgements.
- Have paid all due and payable employee entitlements (including superannuation).

The quick and relatively cheap SBR option involves the appointment of an SBR practitioner by directors' resolution. The directors work with the SBR practitioner (an expert in the field of insolvency, liquidations and restructuring) to effectively negotiate payment of historical debts with the company's creditors to increase the chances of the business' survival and to restore stability.

Payday superannuation

From 1 July 2026, employers will be required to pay their employees' super at the same time as their salary and wages.

Employers will be liable for the super guarantee charge (SGC) unless contributions are received by their employees' super funds within seven ordinary or calendar days of payday (with some limited exceptions).

Payday is the date that an employer makes an ordinary time earnings (OTE) payment to an employee.

The super reform will provide employees the benefits of receiving their super earlier and more frequently, and the more immediate tracking of the payment of their entitlements.

It is also hoped that more frequent super payments will make employers' payroll management smoother with reduced super liabilities building up.

This super payment reform is intended to complement the Government's other actions to strengthen the super system, including increasing the SG rate to 12% on 1 July 2025.

This measure is not yet law, with legislative design intended to progress through the second half of 2024 with industry consultation.



FOREWORD

"In the midst of darkness, light persists."

Mahatma Gandhi

"Dwelling on the negative simply contributes to its power."

Shirley MacLaine

"Power can be taken, but not given. The process of the taking is empowerment in itself."

Gloria Steinem

"No one can make you feel inferior without your consent."

Eleanor Roosevelt

"I like to encourage people to realise that any action is a good action if it's proactive and there is positive intent behind it."

Michael J. Fox

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ATO resource for small businesses

At the beginning of this year, the ATO launched over 30 short, free online courses for small businesses.

The self-paced courses (ranging from 12 minutes to over two hours) provide information on various topics covering day-to-day management and financial understanding.

The courses also cover the different lifecycles of businesses, from the initial conception and start-up through to changing or closing a business.

A useful resource for accountants and lawyers to share with their clients.

<https://smallbusiness.taxsuperandyou.gov.au/courses>

Our Solutions

FINANCIAL DIFFICULTIES & INSOLVENCY

We provide help and support for companies and individuals under financial strain.

Recent work:

- Voluntary administration or liquidation of:
 - A solar & electrical installation & maintenance service provider.
 - A commercial real estate company.
 - A mining security provider.
 - A floor covering supplier & installer.
- New personal insolvency administrations including a pharmacist, truck driver, hairdresser owner, hospitality venue operator and a painter & tiler.

LITIGATION SUPPORT

Litigation support and forensic services can take many forms and we tailor our approach to the individual requirements of each assignment.

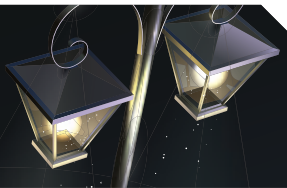
Recent work:

- Valuation of a general medical practice.
- Preliminary review and commentary on a physiotherapy practice.
- Arranging for the sale of "surplus" jewellery in a family law matter.
- Valuation of a primary holding company and eight subsidiary companies in the resource and mining industry.
- Valuation of a doctor's pain management entities.



"Happiness can be found even in the darkest of times, if one only remembers to turn on the light."

Prof. Albus Dumbledore/J.K. Rowling



DID YOU KNOW? "Dear John"

The "Dear John" letter was coined by Americans in WWII as the name for a letter from a soldier's sweetheart saying their romance was at an end.

John was the most popular name for boys in America from 1880 to 1923. Dear Johns became a symbol of love lost and personal sacrifice during times of conflict.

It has been claimed that the Vietnam war inspired more Dear John letters than any other US conflict. Nowadays such letters have often been replaced by the sending of a simple emoji.



EDITORIAL

It is better to light a candle than to curse the darkness

A powerful quote encouraging constructive action

This quote is often incorrectly attributed to Eleanor Roosevelt, which is understandable given her controversial and tireless civil rights campaigning until her death.

Indeed, Adlai Stevenson (former US Ambassador to the UN) famously eulogised her with the statement *"she would rather light a candle than curse the darkness, and her glow has warmed the world"*. As so often happens, a quote about a person gets attributed as a quote from that person.

Alternatively, it is sometimes called an ancient Chinese proverb or attributed to Confucius. But it appears that the quote should properly be attributed to the 19th century English Methodist minister William L. Watkinson, who penned the phrase in his sermon *"The Invincible Strategy"*: *"But denunciatory rhetoric is so much easier and cheaper than good works, and proves a popular temptation. Yet is it far better to light the candle than curse the darkness."*

The exact date and place of the sermon are unknown, but it was published in 1907. In the same year it was reprinted in a religious periodical and was used by Christian missionaries in China in the early decades of the 20th century (perhaps leading to further misattribution).

But what does it mean?

It is a call for constructive action. It conveys a message about the importance of taking positive action rather than simply complaining about a difficult situation.

It means finding a solution to the problem rather than condemning or complaining about the problem. It means:

- **Taking a proactive approach** – taking the initiative and making an effort to improve the situation, no matter how small the effort might seem.
- **Avoiding negativity** – instead of embracing despair or negativity, focus on solutions and constructive actions.
- **Finding and using empowerment to effect change** and improve circumstances rather than feeling powerless.

The quote is a reminder that positive steps, no matter how small, are more effective than simply complaining or lamenting.

No need to change the world. Just start with you, and then just the small universe around you.

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