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# ATO sends Coast firms to wall in attempt to collect debt

Bill Hoffman | 24th October 2012 5:48 AM |



THINKSTOCK

THE Australian Tax Office was the primary driver of insolvency on the Sunshine Coast, often ahead of the banks in its push to see businesses wound up and assets sold to satisfy debt.

Worrells Sunshine Coast partner Paul Noguera said yesterday that when the ATO agreed to repayment terms, the conditions were onerous.

In those circumstances, a substantial upfront payment was often required with repayment of the balance over only a short term.

"A lot can't manage that," Mr Noguera said.

The Federal Government this week signalled changes to its tax collection regime with businesses turning over \$1 billion annually required to pay tax on a monthly

basis.

While the requirement will have little or no impact on the Sunshine Coast, a stiffening of its Directors Penalty Notices provisions may cause concern for many.

Accountant Ian Buscombe, the principal of bdk Buscombe certified practising accountants in Maroochydore, said directors of companies would be held personally liable if superannuation and group tax were not paid on time and were more than three months late.

"That's scary," he said.

"There are a lot of people who are well behind."

Mr Buscombe said if the requirements for monthly tax payments were universal, that may actually help sharpen the businesses of smaller operators with poor cash flow management strategies.

## TROUBLING TIMES

- Poor cash flow
- Failure to budget appropriately
- A lack of working capital
- Failure to take strategic decisions in time
- External factors - the bad debt domino effect

## Reader poll

### Should the ATO consider personal circumstances before taking action against people?

- Yes
- No
- Undecided
- 

#### Results

Yes	73%
No	23%
Undecided	2%

This is not a scientific poll. The results reflect only the opinions of those who chose to participate.

### LATEST COMMENTS

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**Paulas** from **Sunshine Beach** 19 days ago with 1 reply [Report post](#)

'directors of companies would be held personally liable if superannuation and group tax were not paid on time and were more than three months late.

"That's scary," he said. '

And why should they not be responsible for such fraudulent acts?

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**getthatindia** from **West Woombye** 18 days ago [Report post](#)

Because that is not how the law stood when some people arranged their affairs. And who is to blame those people for acting within the law to maximise their own benefit when they first arranged their affairs. The problem is with the ATO who changed the rules of the game at half-time when they realised the original rules ( those under which people LEGALLY arranged their affairs ) did not suit them

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**KoalaCrt** from **Little Mountain** 19 days ago [Report post](#)

This ATO has always had the motto " take from weak , small business, at any cost", they won't fight back. Big business have money and lawyers to stall them. ATO staff have no conscience just carry out the day , meet , high five about the damage they have left behind. Most small business owners , struggling today , don't sleep , somehow find the wages for their staff. With the new tax changes a lot more business's will suffer. The federal government will happy when we all work for the same employer CENTRELINK, under its control, just a number.

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**JustThinking** from **Kawana Waters** 19 days ago [Report post](#)

Well I guess it will give the ATO more avenues to apply more penalties at ridiculous interest rates. Expect more business owners to think it's not worth it anymore and putting more people on the unemployment and welfare line. I agree though that super payments should be kept up to date.

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**tonymagrathea** from **Dicky Beach** 19 days ago [Report post](#)

why blame the ATO? Taxes are one of the certainties of life, if business owners avoid taxes they should be closed down. Taxes are an integral part of the whole community and for one or two people to avoid them and then have the gall to say taxes closed us down is hypocritical and shows the depth of their community understanding and their lack of management skills.

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**sunnyside** from **Noosaville Bc** 19 days ago with 1 reply [Report post](#)

Its pretty simple, you only pay tax on revenue which means the company has earned the money to pay - so the real question is why haven't they? The answer poor management planning. The ATO is a consequence of which we are all aware - so pay the taxes after all they are used for the common good (we can debate what that is).

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**the\_insider** from **Sunshine Coast & Region** 19 days ago [Report post](#)

Income tax is actually paid on profits (revenue minus expenditure).

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yippee from Brisbane 19 days ago [Report post](#)

It is a bit rich to say the ATO are driving companies to the wall. It is also a bit rich to suggest that companies that are ripping off their employees by not making or delaying superannuation contributions should get our sympathy. Personal liability for directors in some circumstances is appropriate. It also sounds like a number of the companies mentioned might be at risk of trading while insolvent. In that case, directors will already be exposed to the full force of the Corporations Act.

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dumdziz from Maroochydore 19 days ago [Report post](#)

I would like to know why businesses who don't pay these taxes are allowed to continue operating, especially when their owners take long overseas holidays and then say they are unable to survive. The people who suffer most are not these company owners but the staff who have been conned out of their super. No sympathy at all for these employers! They deserve to be closed down!

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Robert from Buderim 19 days ago [Report post](#)

Typical Australian attitude (these days) to blame the ATO, banks, government or whomever - instead of taking responsibility for the consequences of our actions.

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countryboy from Kureelipa 19 days ago [Report post](#)

Who is the boss of the ATO? Swan and Gillard. Who is wanting billions of dollars to pay beck labor debt? Swan and Gillard. Who caused the largest financial debt in Australian history even though they had the largest surplus when labor came to government? Swan and Gillard. Who is out of touch with business and taxpayers in Australia? Swan and Gillard. Who have to lose their seats at the next federal election? You can answer that question yourself.

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Tom from Currimundi 19 days ago [Report post](#)

A lot of comments here made by people who obviously don't know any better. I know quite a few small business owners who struggle from time to time to meet their obligations and would walk away from it all tomorrow if it wasn't for the fact that they would put the people who work for them on the dole. Most business's go through quiet times for one reason or another but they have the foresight to see that things will improve and they can continue to provide an income for workers plus a service to the people who use them.

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Echostorm from Coolum Beach 18 days ago [Report post](#)

Clearly the dividing comments here in the for and against, are those people that work for people and those that work for themselves. As an employer, I put my employees wage before my own. I dont get super, work cover and all the other benefits. I get the stress of sleepless nights thinking how the heck am I going to pay wages this week when we aren't making sales. My employees get more money then me with the benefits. Yet we continue to pay wages, super and leave loading.

When businesses go broke, everyone is unemployed, and the backbone of our economy no longer stands. Without us small business you have unemployment.

Unlike those employeed people, many business have an extremely erratic cashflow, making forecasting budgets and tax payments quite difficult. What if a machine breaks the week before tax is due? What if an employee is sick at the middle of a key contract? There are numerous special circumstances that must be considered.

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killerjools from Sippy Downs 18 days ago [Report post](#)

Businesses do not go broke because of a tax debt, and rarely go broke because of bad luck. The most common reason is a lack of control over cash flow. This can range from: owners stripping all of the cash out of the business, to lack of budgeting, to poor debt management, and poor debtor collections procedures...

The ATO does not want to send anyone bankrupt anymore than they want to be sent bankrupt. They only go this route after a protracted period of being treated with contempt by the tax payer. This includes things like ignoring correspondence, failing to stick to an arrangement, making false or misleading statements (and being caught out), and all other avenues for collection have been exhausted...

If you have a tax debt, then be proactive about dealing with it. Go to the ATO before they come looking for you. Know your rights under the Tax Payer's Charter: [http://www.ato.gov.au/content/downloads/cor63133\\_n2548.pdf](http://www.ato.gov.au/content/downloads/cor63133_n2548.pdf)

Moving forward, treat the Tax Office like any other cash expense and factor in the tax payments when you prepare your budget. Determine what your likely tax obligations are going to be well in advance to give yourself time to pay them out by the due date.

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