



## Supporting small business to repay debt

If you are concerned with repaying your debt, the best thing you can do is reach out early for help.

Call your bank, accountant, or the contact the Australian Taxation Office for support.

### What should I do if I am concerned about my debts?

Many things can cause a business owner to have difficulties repaying their debts and it's easy to get overwhelmed in this situation.

If you're worried about your money or existing debts, contact your bank, accountant, or financial counsellor as soon as you can. If you have a debt with the Australian Taxation Office (**ATO**), engage with the ATO early so they can help you manage the debt.

Engaging early is important and will give you the greatest possible chance to tackle your financial problems. You should try and be as open as possible about your financial position so your bank and accountant, or the ATO, can understand your circumstances. They will work with you to try and find options to help you get back on track.

### Speak with your bank

If you're struggling to repay your business debts, you're not alone. Don't be afraid to contact your bank as soon as possible. The sooner you do, the sooner they can work with you to try and find a solution that is right for your business.

Your bank has a dedicated financial assistance team ready to listen and talk about your options. This includes helping you work through your personal and business finances and debts.

Under the Australian Banking Association's (**ABA**) Banking Code of Practice, your bank must consider how they can help you with your financial difficulties.

Options your bank may be able to offer to help your business manage through difficulty include:

- Waiving fees and charges.
- Consolidating debt to help make repayments more manageable.
- Offering additional temporary finance to help cover short-term cash flow shortages, such as an overdraft.
- Reducing repayments or restructuring your loan.
- Deferring principal loan repayments.
- Checking these options against your budget to make sure they deliver the best outcome.

If you and your bank agree on a new arrangement for your loan, your bank will provide you with your changed arrangements in writing. This includes your new repayments and what happens at the end of the arrangement. The bank will also let you know if the new arrangement affects your banking services or credit history. If your bank cannot change your loan arrangement, they need to tell you why in writing.

## Contact your accountant

If you are struggling with business debts, reach out to your accountant who can help you look at the structure of your business and identify opportunities to improve cash flow.

Your accountant can undertake a financial health check of your business and help you respond to your challenges. This may include reviewing your budget and business plan, reducing expenses, improving cash sales, forward tax planning and restructuring your business. It's important to be honest and open when discussing your financial circumstances, business and personal, with your accountant so they can help you with your immediate debts and consider your future goals.

Your accountant can also help connect you to the right specialist. For companies, this may be a registered liquidator who will work with you and your accountant to figure out the best option for your business or assist you with exiting your business in an orderly way. For sole traders, this may be a trustee to explore if a personal debt agreement or bankruptcy can help. These regulated specialists can outline the options and the impact of each on the business, its creditors, and shareholders.

If you want to restructure a viable business, they can assess your eligibility for a small business restructuring and support you through the process.

## Engage with the ATO

If you receive a new tax bill or have an existing tax debt from the ATO that you are struggling to pay, the ATO has support options available.

You may be eligible to set up a [payment plan](#) which allows you to break down your payment into smaller amounts that are made via instalments. If you owe \$200,000 or less, you may even be able to set this up using ATO online services. Payment plans should be spread over the shortest possible fixed period of time to minimise [general interest charge](#) (GIC) that will continue to accrue.

If you need additional support, you should contact the ATO before your due date, or as early as possible if you have an existing debt. We know contacting the ATO can feel daunting at times, but the sooner you engage, the quicker they can support you to get back on track.

When speaking with the ATO, it's important to be open and realistic about your financial situation to ensure you can keep on track with your agreed payment arrangements. Speak with your trusted adviser, such as your tax professional, about what options are best for your business and what could help you with your future goals. Your tax professional may also be able to talk to the ATO on your behalf.

It is essential that you understand what may happen if you do not engage with the ATO or repay your tax debt on time. The longer it takes you to pay, the more it will cost you through GIC, which will be applied on a daily compounding basis. Interest charges are unlikely to be remitted unless you can demonstrate the extenuating circumstances that led to the delay in payment and the steps you took to pay what the business owes.

If you do not talk with the ATO or make attempts to resolve your debt, the ATO can apply actions which may include a [garnishee notice](#), [director penalty notices](#) or [disclosing business tax debts](#) to credit reporting bureaus.

Small businesses needing additional help to meet their obligations can access a range of support options, which are outlined on the [ATO website](#).

## Financial counsellors

If you are struggling with your business finances, you can call the [Small Business Debt Helpline](#) on 1800 413 828 for free advice.

If you need more support, contact your [local financial counsellor](#). If you live in a regional or rural community, contact a [rural financial counsellor](#). Both services offer free, independent, and confidential assistance to help businesses with current and long-term financial planning.

## Helpful resources and contacts

For further information on ways to manage your business debts, visit the ABA's [Financial Assistance Hub](#). This includes dedicated support resources for small businesses, including contact details for your bank's dedicated financial hardship assistance team.

CPA Australia has a dedicated resource to [help you understand your options](#) if your business is in financial distress. CA ANZ outline how their members can assist you to address [financial stress](#).

Business.gov.au have helpful [Cash flow](#) information on their website.

More information on how to manage tax debt, improve cash flow and other support for your business can be found at:

- [Help with paying | ATO](#)
- [Key tax obligations for different business structures | ATO](#)
- [If you don't pay | ATO](#)
- [Supporting your small business | ATO](#)
- [Essentials to strengthen your small business | ATO](#)