

# Herald Sun

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## Bankruptcies soar as tax breaks dry up

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Liquidator Cliff Sanderson says many insolvencies last year were small businesses feeling the pinch as consumers reined in spending. Picture: Ian Currie

Source: Herald Sun

**CORPORATE bankruptcies rose to a record high last year, with more than 9000 businesses going to the wall after the withdrawal of government tax breaks.**

New data from the Australian Securities and Investment Commission shows that between January and November 2011, 9178 companies went into insolvency, up 22 per cent over the long-term average and 10 per cent higher than in 2010.

Dissolve company liquidator Cliff Sanderson said most of these were small businesses feeling the pinch as consumers reined in spending and the Australian Taxation Office started to call in breaks handed out during the global financial crisis.

"The driver of a lot of the small liquidations is the Australian Taxation Office and I think this is going to continue in 2012," Mr Sanderson said.

"Post-GFC, the ATO went very, very light on business but now they're starting to reel in those lines and asking companies

to repay their debts."

The ATO brought in several measures in 2009 to help small businesses that were being buffeted by the GFC, such as interest-free payments, deferred tax payments and other flexible repayment schemes.

As of June 30, 2011, there were 41,830 interest-free payment arrangements in place, according to the ATO.

In 2010-11, the ATO initiated 2 per cent of bankruptcies and 11 per cent of wind-ups, it said. "The ATO has a well-established framework to support businesses in meeting their tax payment obligations," an ATO spokesperson said.

But Mr Sanderson said small retailers and "tradies" had been hit hardest by the downturn and were likely to suffer in the year ahead as more consumers try to keep their cash in the banks.AAP

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