



SIMPLIFIED RESTRUCTURING PROCESS

From 1 January 2021 a simplified restructuring process is available to eligible small businesses.

The process will allow small businesses to access a single, streamlined process while allowing the owners to remain in control of their business.

WHO IS ELIGIBLE FOR SMALL BUSINESS RESTRUCTURING?

Businesses must meet the following criteria to be eligible to enter the new restructuring process.

Eligibility criteria:

- Business must be operated through an incorporated entity;
- Liabilities must be no more than \$1 million;
- The Company must be insolvent or likely to become insolvent; and
- The small business restructuring or simplified liquidation processes must not have been previously used by the director or the Company.
- Before issuing a restructuring plan to creditors, all taxation lodgements must be up to date and any employee entitlements (wages and superannuation) due and payable must have been paid.

HOW DOES THE NEW PROCESS WORK?

1 The Directors appoint a Small Business Restructuring Practitioner ("SBRP")

2 A restructuring plan is developed by the Directors with the support of the SBRP

3 The SBRP certifies that the company meets the eligibility criteria and is likely to be able to meet its obligations under the plan

4 Up to 20 business days (from appointment of SBRP) to circulate the plan, accompanying information and certification to creditors

5 Up to 15 business days for creditors to vote on the plan and prove their debts

- ✓ • The Plan commences if a majority in value of unrelated creditors vote in favour
- The SBRP oversees the Plan
- The restructuring ends once the terms of the plan are satisfied

! Alternatively the process ends if the majority in value of creditors vote against the plan

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WHAT ARE THE BENEFITS OF THE NEW PROCESS?

- Cost-effective process to restructure existing debts
- Business remains under the control of the directors
- Unsecured and some secured creditors are prohibited from taking actions against the company
- Moratorium on enforcing director's guarantees
- During small business restructuring insolvent trading laws do not apply if the debt is incurred in the ordinary course of the Company's business or with the consent of SBRP
- The business has protection from ipso facto clauses

HOW CAN PILOT PARTNERS HELP YOUR CLIENT?

Pilot Partners understands and supports small business. Our SBRPs are qualified to explain all of the options available to small businesses in challenging circumstances.

We will work with you to identify:

- The current financial position of the business
- The root cause of the problem and what solutions are available
- Likely support from major stakeholders in the business
- The correct business restructure for the business

FURTHER QUESTIONS?

To find out if Small Business Restructuring is right for your client, contact **Nigel Markey** or **Bradley Hellen** on +61 7 3023 1300 or info@pilotpartners.com.au.

PILOT SOLUTIONS

Pilot Partners is made up of a team of specialist business advisors. As a growing mid-sized firm we proudly work with many different types of entities and individuals.

RESTRUCTURING SERVICES

Pilot's Restructuring expertise extends to the full range of insolvency services on behalf of secured and unsecured creditors, companies, their directors and business owners. Nigel Markey and Bradley Hellen are Registered Liquidators and members of Australian Restructuring Insolvency & Turnaround Association (ARITA).

OTHER SERVICES

Pilot offers the full range of accounting and business consulting services including the following specialist services:

- Forensic accounting;
- Audit;
- M&A Tax;
- Complex business valuations;
- Tax audit support;
- International tax strategies; and
- International business structuring.

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