

Case Study – Creditors’ Voluntary Liquidation

Facts

1. The company has ceased trading
2. Company owes significant PAYG to Australian Taxation Office (“ATO”)
3. The company is unable to pay the amount owing to ATO
4. Directors receive section 222AOE notices, making them personally liability if one of the following does not occur within fourteen (14) days from the notices being issued:-
 - a. Amount is paid in full
 - b. A payment arrangement is entered into with the ATO
 - c. An Administrator is appointed to the company
 - d. The company is wound up (in liquidation)

Reason for this type of Appointment

1. There is no need to trade the company
2. Creditors’ Voluntary Liquidation is the most cost effective way to comply with the section 222AOE notice
3. The affairs of the company are properly dealt with

Outcome

1. The company is wound up within the time period set by the 222AOE notice
2. The directors avoid personal liability to the ATO

Please note that the above is general information only, a meeting with R.E. Murphy & Co staff should be arranged as soon as possible should a client of yours be experiencing any current or possible future financial difficulty. Further information in relation to R.E. Murphy & Co and insolvency in general is available at this firm’s web site at www.remurphy.com.au.