Small Business Restructuring.

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Small Business Restructuring (**SBR**) is a streamlined, cost-effective alternative to traditional insolvency procedures - empowering directors to resolve financial challenges while staying in control of their business.

Eligibility Requirements

- Total liabilities not exceeding $1 million at the time of appointment.
- No prior SBR or Simplified Liquidation Process (SLP) in the last 7 years.
- No director or former director involved in a previous SBR or SLP within the last 7 years - except when restructuring another related company within a group.

To propose a Plan to creditors, you must also:

- Have all employee entitlements - including superannuation - paid in full.
- Have all required documents lodged with the ATO.

Our Experts

Our team brings deep expertise in **SBR** regulations and hands-on implementation experience. From initial assessment through to execution, we work closely with directors to achieve the best possible outcome for their business and creditors alike.

Timeframe & Cost

The SBR process is capped at 45 business days, though it can conclude sooner.

Restructuring Plans can extend up to three years; however, shorter timeframes are generally preferable.

Fees are agreed between the director and the Practitioner at the outset. The Practitioner's implementation fee is calculated as a percentage of creditor repayments.

Our view

SBR is one of the most practical and cost-effective restructuring tools available to small businesses today. It preserves directorial control, moves quickly, and - in our experience - the ATO has shown a constructive approach to well-considered Plan proposals. Even where SBR is not the right fit, our team is well-placed to identify and implement the most suitable solution for your circumstances.

Key Features of the SBR Process

- The director appoints a Practitioner to develop a restructuring Plan - completed within 20 business days (can be extended by 10 days if needed).
- Plans structure repayment of pre-appointment debts via an upfront payment and / or instalments, in full satisfaction of creditor claims.
- Directors stay in control of day-to-day operations throughout, with Practitioner oversight.
- A plan will be approved in the event creditors vote in favour.
- Legal actions and contract terminations against the company are frozen during SBR.
- Note: secured creditors may still enforce their security interests (e.g. appointing a receiver).

Recent Example of an Approved SBR Plan

A restaurant and bar business with total outstanding creditor claims of $447,934 - with the ATO as the largest creditor at $431,274 - successfully completed an SBR process.
The approved Plan involved an upfront director contribution of $49,603, followed by equal instalments totalling $49,603 over 12 months.
Unsecured creditors received a return of 20 cents in the dollar.

Contact us.

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Speak with our experts.

Free initial consultation to discuss your situation, scope & costs.

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