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### *"Draft" Reforms to Combat Phoenix Activity*

#### **Overview**

Financial Services Minister Kelly O'Dwyer's anti – phoenix crusade which the industry supports will, if introduced, see far reaching and significant consequences for those who engage or facilitate this activity.

The reforms if introduced will be:

- Specific offences for those who target or facilitate illegal phoenix activity
- Specific offences for those advisors who encourage, procure or induce such activity
- Both civil and criminal offences will attach to such breaches to the highest level the law will avail
- Increased clawback provisions for Liquidators to overturn such transactions
- Prevent Sole Directors from resigning and leaving a Company as an empty shell with no Directors
- Prevent Directors from backdating their registrations to avoid personal liability
- Restrict the voting rights of related party creditors at meetings called to consider the removal of a Liquidator
- Make Directors personally liable for the GST liability as part of extended Director Penalty Provisions
- Extend the existing powers to retain refunds where there are outstanding lodgements

In addition to further evidence that the Government and the ATO are serious about combatting this phoenix activity was the raid recently undertaken several weeks ago by approx. 250 ATO officers in Melbourne and regional Victoria of a number of Accounting/Advisor firms and businesses suspected of supporting this activity.

In summary everyone is now on **NOTICE.**

**As always if you or your clients need advice on any business turnaround or insolvency matters do not hesitate to contact us.**

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