



GPO Box 9990 IN YOUR CAPITAL CITY

Mr Sean Turner
Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
Parliament House
CANBERRA ACT

Dear Mr Turner

Inquiry into corporate insolvency in Australia hearing, Parliamentary Joint Committee on Corporations and Financial Services - Proof Committee Hansard, Page 53, 58 & 60

At the above noted hearing on 13 December 2022, I provided the following evidence as noted on;

Page 53 (a)

If they do not take certain steps within a 21-day period—such as paying the debt in full; or entering into an acceptable payment arrangement; or appointing an administrator, a liquidator or a small business restructuring practitioner— they will be made personally liable for those company debts

Page 53 (b)

Nearly 15,000 clients entered into payment arrangements over debts of approximately \$2.2 billion. And 1,068 clients have notified us of insolvency or that they are no longer in business, which represented approximately \$363 million in debts.

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Of that subset we have issued 7,523 DPNs following the initial awareness campaign of 45,678.

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During the pandemic we set up what we call our high client impact action framework, which guides our staff when making decisions that, as the name suggests, would have a high impact on the client. These are things like garnishees, DPNs, or a decision to initiate legal recovery such as statutory demand under section 459E of the Corporations Act.

I am writing to provide an amended response to the Committee in relation to this matter.

Page 53 (a)

If they do not take certain steps within a 21-day period—such as paying the debt in full; or entering into an acceptable payment arrangement; or appointing an administrator, a liquidator or a small business restructuring practitioner— the Commissioner can then take steps to recover the company debt personally from the Director.

Page 53 (b)

Nearly 15,000 clients entered into payment arrangements over debts of approximately \$2.2 billion. And 1,068 clients have notified us of insolvency, which represented approximately \$363 million in debts.

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During July to September 2022, the ATO issued 10,062 DPNS to directors of 7,479 businesses. This is inclusive of the DPNs issued to the original awareness campaign population for the same period.

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During the pandemic we set up what we call our high client impact action framework, which guides our staff when making decisions that, as the name suggests, would have a high impact on the client. At the time the framework incorporated actions such as garnishees, DPNs, or decisions to initiate legal recovery such as statutory demand under section 459E of the Corporations Act.

Yours sincerely

✓Jillian Kitto
Assistant Commissioner, Lodge and Pay Enforcement
Australian Taxation Office