

# Small Company Liquidation Package

Does your company have just a few assets of low value and you need a company liquidation?



dissolve

At Dissolve, we understand that sometimes a small company must be liquidated but the Directors are concerned that if they appoint a Liquidator all of the assets of the company will be chewed up in liquidator's fees. That is a valid concern because most registered liquidators will charge hourly rates and the Directors will have limited or no control over the approval of fees after the appointment of a liquidator (fees are approved by the creditors).

Where liquidation is needed we normally recommend a Creditors Voluntary Liquidation, or "CVL", which is quick, simple and inexpensive. In many cases the liquidation is not complicated and so we can offer our Small Company Liquidation package. It is designed to be low-cost and easy to initiate.

### **When is the Small Company Liquidation Package appropriate?**

It is appropriate when the company:

- must be liquidated;
- is trading or has recently ceased to trade;
- has some assets; and
- has less than 25 creditors.

### **So what will be the liquidator's fee?**

In the situation where a company has some assets, we can offer a liquidation at NO COST TO THE DIRECTORS. All we need to do is establish that the assets of the company will be worth more than specific minimum amount and we will accept the appointment as liquidator with no requirements for the directors to pay our fees. What happens is that, as liquidator, we sell or realise the assets. Those funds are used to pay our fees, with the approval of creditors.

We are also happy to provide a FIXED FEE QUOTE for all standard liquidation services. It is sometimes necessary to exclude services for unexpected events but if an unexpected event arises we will call a meeting of creditors to explain any variations to our fee and obtain creditor approval.

So what is the "specific minimum amount" we mentioned above? It varies a little depending on the location and nature of the assets. Why not call us now on (02) 9290 2220 and we can discuss the specific situation of your company and see if you can appoint us at no cost to the directors. At Dissolve we really do want you to call because if you can obtain a cheaper quote elsewhere we want to know about it so we can beat it.

## What is included in the Small Company Liquidation Package?

Our Small Company Liquidation Package consists of:

- Free telephone advice to ensure a CVL is the correct solution;
- A Fixed Fee quote for all standard liquidation services;
- Our Guarantee to the Directors that they will not be liable for our fees;
- Preparation of the Appointment Package which includes all pro-forma directors meeting, shareholder meeting and other legally required documentation;
- Assistance in the conduct of the Directors' and Shareholders' Meetings; and
- Completion of all standard small company liquidation tasks from Creditors Meetings to dissolution of the company.

## Why bother to liquidate the company at all?

Sometimes a company will be in the situation where it has ceased to trade and has no assets and we are asked by a director whether they should bother to liquidate the company. After all, is it not an option for the director to do nothing and let a creditor pay to have the Court order the winding-up of the company rather than the director paying for a Creditors Voluntary Liquidation?

Directors should consider the following reasons to liquidate a company:

- **Problems with the ATO** - A director runs the risk that the ATO will one day serve a Director Penalty Notice on the company and the directors which can make the directors personally liable for the company's debt to the ATO. If a director abandons the company but doesn't liquidate the company then there is a significant risk that Legal Notices and the Director Penalty Notice will not be received by a Director – the unfortunate effect is that the director becomes personally liable for the ATO debt. We've explained more on this over the page.
- **Problems with other creditors** – When a company simply ceases to trade and there are outstanding creditors, then those creditors will continue to pursue the company for payment. Sometimes that will be by way of Legal Notices and sometimes a continual stream of irate phone calls from creditors. The only effective way to stop the hassles is to put the company into liquidation and thereafter creditors are dealt with by the liquidator, not the directors.

If you are being hassled by creditors or are concerned about receiving a Directors Penalty Notice then you should initiate the liquidation of the company through a low cost Creditors Voluntary Liquidation.

## Director Penalty Notice - Section 222 Notice

Have you received a Director Penalty Notice? As a director, one of the most important notices you need to be wary of is a Directors Penalty Notice which is issued by the Australian Taxation Office under Section 222AOE of the Tax Act. If you get a Directors Penalty Notice you must act **immediately** to avoid personal liability.

The ATO has the power to collect outstanding deducted taxes by making directors liable for a 'penalty' for the same amount as the unpaid tax. These provisions create a liability to the ATO in the name of the director. Each director of a company becomes separately liable for the full amount of the penalty. If a director receives a Director Penalty Notice it requires the directors to take one of four specific actions within 14 days of issue or the director will be personally liable for the debt:

- Pay the debt in full;
- Enter into an instalment arrangement to repay the debt;
- Appoint a Voluntary Administrator; or
- Appoint a Liquidator.

So what should you do? **Act immediately!**

If the company is solvent, it should pay the tax. Directors of companies that cannot pay the tax usually decided to appoint a liquidator by way of Creditors Voluntary Liquidation, or appoint a Voluntary Administrator. If you are close to the 14 days expiring, you'll be pleased to know that we are able to organise the appointment of a liquidator within a couple of hours.

## How does Dissolve keep its fees so low?

By focusing on a single, highly specialised service area, we are able to bring to bear our experience and professional judgment to develop highly streamlined systems and a timely service. Also, unlike other Registered Liquidators, we do not seek appointment to large or complicated assignments. Hence we are geared for smaller companies and so we don't have any expensive overheads.

If you are wondering how low our fees are, why not call us now for an **obligation free** quote and compare.

## Contact us

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