

# No Asset Liquidation Package

Does your company have no assets but you need a company Liquidation?



dissolve

At Dissolve, we understand that sometimes a company must be liquidated but there are no assets remaining in the company to pay a liquidator.

We want to minimise the cost and hassle to directors so 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 No Asset Liquidation package. It is designed to be low-cost and easy to initiate.

### **When is the No Asset Liquidation Package appropriate?**

It is appropriate when the company:

- must be liquidated;
- has ceased to trade;
- has no assets; and
- has less than 25 creditors.

### **What is included in the No Asset Liquidation Package?**

Our No Asset 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 the only fee they will be liable for is the Fixed Fee;
- 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 "no asset" liquidation tasks from Creditors Meetings to dissolution of the company.

### **What does the No Asset Liquidation Package cost the directors?**

If there are no assets in the company then a prospective liquidator will ask the directors for an amount to be paid to a Trust Account to cover the minimum costs of the liquidation. At Dissolve we have developed streamlined computer based systems which allows us to offer a very low cost liquidation option. The fee can vary slightly depending on the company's circumstances so why not call us now on (02) 9290 2220 to obtain a free quote. At Dissolve we really do want you to call and get our quote because if you can obtain a cheaper quote elsewhere we want to know about it so we can beat it.

## 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, that 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 below.
- **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:**

#### **Dissolve Pty Limited**

ATF Dissolve Unit Trust

Level 2 333 George Street Sydney NSW 2000

ABN 14 174 223 792

Phone (02) 9290 2220

Fax (02) 9290 2221

Email [advice@dissolve.com.au](mailto:advice@dissolve.com.au)

**[www.dissolve.com.au](http://www.dissolve.com.au)**

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