



## **ATO SUPPORT FOR BUSINESSES IN FINANCIAL DISTRESS**

The ATO has announced measures to assist businesses which are in financial distress including:

1. a 12 month general interest charge (**GIC**) free payment arrangement for struggling businesses; and
2. deferral of the payment due date on activity statement liabilities.

If the ATO agrees to a GIC free payment arrangement, GIC will be remitted for a maximum period of 12 months. There is no limit on the amount of debt permitted under the arrangement.

### **Who is eligible?**

To be eligible a business must have an annual turnover of less than \$2 million and have an activity statement debt.

### **How to apply?**

Until 30 June 2010, businesses can apply to the ATO for a GIC free payment arrangement. Eligible businesses will need to negotiate a payment arrangement with the ATO.

### **What does the arrangement apply to?**

The GIC free payment arrangement can apply to activity statement debts (eg GST, PAYG).

The arrangement can apply for a maximum of 12 months from the day on which the arrangement is entered into.

The GIC-free period:

3. starts on the day on which the agreement was made with the ATO; and
4. finishes on the day the final instalment is due (unless there is a default under the arrangement).

### **TIP**

Businesses that are struggling in the current economic climate may want to approach the ATO to negotiate a payment arrangement.

If you would like further information or require assistance in relation to the above please do not hesitate in contacting our office on 02 9555 1309.

*Face Accountants is a [Sydney based accounting](#) firm and [taxation advisory](#) firm. We are committed to providing personalised service and quality, expert advice. Face Accountants newsletters and articles are distributed to provide information of general interest to their clients and network contacts. The content of this article does not constitute specific advice. Readers are encouraged to consult their tax adviser for advice on specific matters. This material is not intended to be relied upon by the reader.*