

Broking in troubled times



ATO arrangements and debt restructures

The nature of small business income is that it can be unpredictable and cyclical and this can lead to a cash flow squeeze at tax payment time. This will be fairly pertinent this year as many businesses move out of a period of high activity and profits flowing from the mining boom - into a period of reduced activity. This may well leave these business with a much reduced cash flow - right at the time that they are needing to pay the high tax bills of those boom years.

In consequence, SME’s often come to a structured payment arrangement with the ATO - either in anticipation of pressure to pay or as a result of a failure to pay tax. The going rate for such arrangements is 9.14%pa (down from 9.75%pa at the start of year).

However, not all SME’s succeed in

their negotiations with the ATO, and there may also be broader business debt-related challenges to deal with.

Not only that, even if the SME can make an arrangement with the ATO, it is usually on a 2 year P & I basis - which could still crush a struggling entity’s cash flow and its attempt to get back onto solid ground.

This is where things can get really difficult, as many SME’s that have felt the wrath of their bank when ATO issues emerge will attest - even if there is solid equity in property to secure.

This presents an opportunity for brokers, advisers and accountants to help their small business clients with lending solutions to pay their outstanding taxes, and rationalise and consolidate debt as part of this process if required.

Equity permitting, the vital need is to extract debts from those “forbidden” positions or from those default-pending bank loan facilities, park them for a few months in a short-term facility, and reintroduce them into the mainstream finance market later. The point is the business creates time for a suitable rationalisation of assets and investments under its control, not the liquidator’s.

Over many years, Quantum Credit have been able to assist SME’s in these tight situations by extending mortgage secured short term loans. If you have a scenario that you’re not sure about, give us a call - we’ll tell you if we can help right away.



We appreciate feedback from happy customers:

“I contacted the team at Quantum Credit in order to discuss a \$5m loan I required to refinance a development. I had made it very clear that timing was critical. From the first engagement they understood my needs clearly, they were flexible and practical in structuring a solution for me and, most importantly, they completed their due diligence, property valuation and legal agreement process on time to arrive at settlement within 7 days. Working with Quantum Credit has been a pleasure and I won’t hesitate to contact them again in need.”

“SDR Group”

Helping brokers help their clients.

If you’re a broker with either a primary or secondary focus on non-code lending in WA, you’re likely to have clients in the mining services/supplies sector and the property sector. As we all know in WA right now, these sectors are under pressure and we’re seeing some short term structural adjustments taking place.

Flowing from this, current insights on these sectors, and ways to assist your customers (and so create broking opportunities) will be



valuable to you.

In conjunction with a top international firm of accountants and consultants, as well as a top national commercial law firm, we are

delighted to tell you about a series of events that we will be hosting over the next few months.

Our agenda will include:

- Insights on mining services and property
- Warning signs of insolvency and their meaning from a legal point of view ie the risk/relevance to your

customer of insolvent trading, breaches of finance agreements, leases and commercial contracts

- Options to buy time and work through temporary difficulties ie informal restructure, equity investment, partial/complete sale, refinance, invoice finance - standstill while options are explored - through to formal processes of administration and arrangement

- Practical options and strategic considerations when time is taken away ie when proceedings are commenced, a receiver is appointed or the ATO commences winding up.

The sessions will have a practical focus and we will show you as a broker what your opportunities and obligations are in these situations.

If you are interested in attending one of our sessions on these topics please register your interest here [Broking in Troubled Times](#).



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