

Who has been swimming naked?

Given the huge disruption to our lives that the COVID pandemic has caused, and the resulting uncertainty, financial mayhem was predicted. The speculation of a tsunami of insolvencies dominated conversations and the media.

In response, the Government took fairly immediate action to implement temporary protections and provide financial support via JobKeeper and other measures.

Equally importantly, the ATO has taken a sympathetic approach to the uncertain times, and in particular, suspended its normal collection strategy around April 2020.

The immediate result in the last year has been a record decline in the number of corporate and personal insolvencies. Corporate insolvencies are the lowest they have been for 20 years, and the number of personal insolvencies in the year to June 2021 has fallen by almost 50 per cent.

However, in the same period the amount owed to the ATO has blown out to \$53 billion; Australian businesses now owe the ATO more than ever. And that is just the debt the ATO knows about: many businesses have failed to lodge and report their liabilities in this period.

Strong countervailing forces mean this position will change:

- The end of the temporary protections and government stimulus measures.
- The ATO's move to push for up-to-date lodgements and a gradual return to debt recovery action.
- The on-going necessity for sporadic lockdowns.
- The lack of fundamental change in the underlying position of previously unviable or non-performing businesses.

Interestingly, the ATO is starting to use a 2019 rule that allows it, under certain conditions (\$100,000 of debt overdue for more than 90 days), to disclose the ATO debt to credit reporting agencies. Already businesses with tax debts greater than \$100,000 are receiving ATO letters with a warning that if they do not make an effort to manage their debts within 28 days, the ATO intends to disclose their tax debt information to credit reporting bureaus. This is the first time the ATO is using its powers under this law.

The tide will eventually go out. How quickly and how far? And when it does, how many will be left washed up on the beach? And who has been swimming naked?

Director Identification Numbers update

Director Identification Numbers (DINs) were heralded in 2020 as part of the 2020 Federal Budget's Modernising Business Registers Program (MBR Program), which aims to establish a new modern registry service.

A key element of the MBR Program is the introduction of DINs: a unique identifier that a director will keep forever. The intended aim of DINs is to tackle illegal phoenixing activities, increase director accountability and traceability, and prevent the appointment of fictitious directors. A year later, where are we at with DINs? A few months behind the original targets but the process is underway. The DIN application process is currently being tested. Testing is due to be completed by 31 October 2021, following which a 12-month transitional period will commence.

According to current provisional deadlines:

- Existing directors will have until 30 November 2022 to obtain a DIN.
- Any director appointed in the 12-month transitional period will have 28 days to apply for a DIN.
- Following the end of the transitional period (after 30 November 2022), individuals will need to apply for a DIN before being appointed as a director.

So directors don't need to do anything now, other than watch out for the end of the testing period and the commencement of the 12-month transitional period.



FOREWORD

"When things aren't adding up in your life, start subtracting."

Anon

"Sometimes the best way to add to your life is to subtract from it."

Trent Shelton

"To attain knowledge, add things every day. To attain wisdom, remove things every day."

Lao Tzu

"It is strange a difference comes from a subtraction."

Natasha Tsakos

"Simplicity is the ultimate sophistication."

Leonardo da Vinci

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e-signing and virtual meetings are back!

In 2002, because of the COVID pandemic, the Federal Government brought in measures to allow companies to hold virtual meetings, and company directors and secretaries to sign documents electronically.

These measures expired on 21 March 2021 but for several months there has been uncertainty as to whether the measures were forever gone. On 10 August 2021 the measures were reinstated, albeit on a temporary basis with an expiry date of 1 April 2022. However, the Government has pledged to introduce permanent reform.

Our Solutions

FINANCIAL DIFFICULTIES & INSOLVENCY

We provide help and support for companies and individuals under financial strain.

Recent work:

- Instigation of public examinations in a corporate liquidation.
- Supervision of the sale of an overseas asset for an anticipated annulment in a bankruptcy.
- Initiation of a S.120 (Bankruptcy Act) claim in a bankruptcy.
- Appointment to a deceased estate placed into bankruptcy, and the subsequent sale of a vast quantity of weighing equipment.
- New personal insolvency administrations including those involved in steel fabrication and retail.
- Ongoing personal insolvency administrations, involving the sale of bankrupt estates' interests in properties and the sale of shares in private limited companies.

LITIGATION SUPPORT

Litigation support and forensic services can take many forms and we tailor our approach to the individual requirements of each assignment.

Recent work:

- Review of a single expert valuation for a family law matter.
- Informal valuation of a haulage business.
- Indicative valuation of a medical practice.
- Valuation of a facility management, property maintenance and commercial cleaning business for a family law matter.
- Assessment of damages for a Supreme Court matter.
- Valuation of a cattle farm, and a forestry and land management business, for a family law matter.
- Indicative valuation of a financial planning business.
- Valuation of two dental practices for a family law matter.
- Valuation of a recruitment labour hire business for a family law matter.

“Perfection is achieved not when there is nothing more to add, but when there is nothing left to take away.”

Antoine de Saint-Exupéry

DID YOU KNOW?



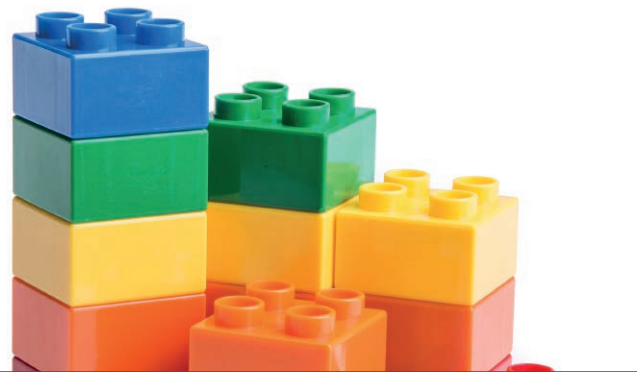
We have put a Powerball lottery ticket in with ten of our newsletters, picked at random!

Good luck!

But in case you win, remember the old joke:

A husband said to his wife: "If you won the lottery, would you still love me?" She said: "Of course I would. I'd miss you but I'd still love you."

For those who don't win, forget the lottery. Bet on yourself instead.



EDITORIAL

The Power of Subtraction

(a revolution in problem-solving)

How often in your busy life when faced with an issue or a problem do you consider subtraction?

Every day, with big and small challenges, we neglect a basic way to make things better. We don't subtract. We are great at adding to our "to dos" but we don't consider "stop-doings". We collect new-and-improved ideas but don't prune the outdated ones.

Do your resolutions more often start with "I should do more of..." than with "I should do less of"? Do you add new rules in your household or workplace more often than you take rules away? In our striving to improve our lives, our work and our society we overwhelmingly add.

Leidy Klotz's Lego bridge test¹, with two support towers of differing heights, found that almost everyone added a Lego brick to the shorter tower, rather than removing a brick from the longer tower. The valid subtraction solution produced a stronger outcome.

Why do we overlook the option to *subtract* from what is already there? Why do we neglect subtraction as a way to change things?

Firstly, behavioural science suggests that our brains are wired to overlook subtraction. Initial studies show that our well-used, ingrained mental shortcuts have a strong bias to adding when problem-solving. We are blinkered by our mindset.

Further, we have a tendency to think add or subtract; however, they can be complementary ways to make change.

So we neglect subtraction because it is often harder to think of. Moreover, even when we do manage to think of it, subtracting can be harder to implement.

In chemistry, valence refers to an elemental force that is not necessarily visible but helps explain the elements' behaviour. Psychological valence is the intrinsic attractiveness or averseness of something. There is a negative valence around subtracting. Even the word subtract has a negative valence.

Subtraction is the act of getting to less but it is not the same as doing less. Getting to less often means doing, or at least thinking, more.

In your pursuit of success and happiness I encourage you to overcome the tendency to overlook subtraction. *Subtracting can be delightful!*

¹ Read: "Subtract: The Untapped Science of Less" Leidy Klotz

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