business reset Success story

nearly $300k of debt cut, and around 45 jobs kept

Labour hire · Queensland



At a glance

Industry
Labour hire

Location
Queensland

Pathway
Small Business Restructure (SBR)

How they found us
Google search

Key figures

$447k
Approx. debts in the restructure

$150,100
Total plan contributions

66.4%
Debt reduction after costs

The challenge

This young Queensland labour hire business supplies contract staff to clients across a range of sectors. It had around 45 staff, a good lodgement history and paid the ATO regularly.

Then came about $100,000 in legal fees over an incorrect workers compensation position, a settlement of about $45,000 on a disputed claim, and a new sector that didn't work. The business made losses across two financial years.

It paid the ATO more than $900,000 in the 12 months before our appointment and still owed about $430,000. A director also put in personal funds.

What we did

We compared continuing to pay the ATO, liquidation, voluntary administration and a Small Business Restructure (SBR). Liquidation was estimated to return nil, or up to about 13 cents in the dollar only if preferences paid to the ATO were clawed back.

The directors cut costs, improved invoicing, took a working capital loan, cut their own pay and exited the sector that wasn't working. They had four straight profitable months before the plan was proposed.

General information only, shared with permission. Some details may be changed to protect privacy. Outcomes depend on each company's circumstances.

How it unfolded

FY2024 and FY2025	1	**Costs it couldn't absorb.** About $100,000 in legal fees, a settlement of about $45,000 and a new sector that didn't work led to losses of about $90,000.
12 months before	2	**Paying, still behind.** The company paid the ATO more than $900,000 in the 12 months before appointment, and still owed about $430,000.
The assessment	3	**Weighing the options.** The company was eligible, with a strong ATO payment history. The director loan account had to be dealt with, and profit shown.
The turnaround	4	**Back to profit.** Costs were cut, invoicing improved and the failing sector exited. The business had four straight profitable months before the plan was proposed.
The plan	5	**Plan put forward.** $100,000 upfront from a director, which also settled the director loan account, plus about $2,100 a month for 24 months from trading.
April 2026	6	**Creditors accept.** Creditors accepted the plan, and around 45 jobs were kept. Instalments run to around April 2028.

The outcome

The plan returns about 28 cents in the dollar, against an estimated nil to about 13 cents in liquidation. About $447,000 of debt is being dealt with for $150,100: a reduction of $296,526, or 66.4%, after costs. The ATO was estimated to be at least $325,000 better off.

What made the difference: the turnaround came before the plan, and the director's $100,000 dealt with the loan account before the ATO could ask.

Is ATO debt putting pressure on your business?

Talk to us about your options, or refer a client.

1300 073 738
businessreset.com.au

General information only, shared with permission. Some details may be changed to protect privacy. Outcomes depend on each company's circumstances.