



# are your clients struggling financially in a new post-covid world?

## the new normal

Inflation, labour shortages, and interest rate rises. The new normal after Covid poses multiple challenges for businesses at present.

What does this mean for your clients? The new normal presents itself an opportunity for your clients to reset and grow. If the opportunity to pivot their business now is missed, they will lag behind their competitors, or in some cases, may be forced to close their doors.

Government funding has now ceased, and the Australian Taxation Office has stepped up its collection activities. Over 40 Director Penalty Notices (“DPN”) are issued by the ATO daily. In excess of 50,000 DPNs were issued since April 2022.

With interest rates rising, banks have increased internal benchmark measures to assess serviceability of clients. Borrowing capacity for most small businesses have already been at the maximum, and servicing existing debt is posing a challenge with the tightening of cash flow due inflation and labour shortages.

## Restructuring options available to your clients

What are the options available to your clients?

From January 2021, the Australian Government legislated the simplified debt restructuring process, to allow businesses to assess a streamlined process restructure its debts. Since its inception in FY21, only 12 companies nationally have used this option to restructure its debt, based on ASIC statistics.

In FY22, 70 companies nationally made use of this process. In the last quarter of FY22 (June 2022), 40 companies nationally used this restructuring process, 3 of which we at [Olvera First](#) are proud to have been involved in. Our office is proud to be involved in 5 restructures to date since the inception across hospitality, construction, labour hire and education. The ATO were a major creditor in all these restructures and have supported the debt restructure proposals.

## Benefits

As a tax and business advisor, you are the first port of call for your clients. Olvera First is an extension of your practice and we can help you to navigate your clients through these tough and unprecedented times.

Key benefits under this scheme include:

- 1 The ability to compromise principal debt, and not just interest, penalties and charges. This is a better alternative to just a payment plan.
- 2 Keeping an existing client who is now free of legacy debts and able to focus on growth.
- 3 Client advocacy and loyalty.

Curious to know more?  
Reach out to us for a chat!

Contact us



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