

ATO Debt Warning Checklist

Is Your Business Showing Signs of Financial Stress?

Many businesses experience cash flow challenges from time to time. However, when ATO debt starts to grow, it can be an early warning sign of broader financial issues. Identifying problems early often provides more options and better outcomes.

Use this checklist to assess your business.

ATO DEBT INDICATORS:

- ☐ Our ATO debt has been increasing over the past 6 months.
- ☐ We are unable to pay our BAS liabilities in full when due.
- ☐ We have entered into multiple ATO payment arrangements.
- ☐ We have missed payments under an ATO payment plan.
- ☐ We are relying on future revenue to catch up on tax obligations.
- ☐ We have received reminder notices or warning letters from the ATO.
- ☐ We have received a Director Penalty Notice (DPN).
- ☐ We have delayed lodging BAS or tax returns due to concerns about debt levels.

CASH FLOW WARNING SIGNS:

- ☐ We regularly struggle to pay suppliers on time.
- ☐ We are using personal funds to keep the business operating.
- ☐ We are relying on overdrafts or credit facilities to cover day-to-day expenses.
- ☐ Payroll is becoming increasingly difficult to meet.
- ☐ We have little or no cash reserves available.
- ☐ We often delay paying creditors to manage cash flow.
- ☐ We are waiting on one or two major payments to stay afloat.

CREDITOR PRESSURE:

- ☐ Suppliers are requesting payment upfront.
- ☐ Suppliers have placed the business on stop credit.
- ☐ We are receiving frequent collection calls or emails.
- ☐ We have received statutory demands or legal correspondence.
- ☐ We are struggling to maintain relationships with key suppliers.

BUSINESS PERFORMANCE CONCERNS:

- ☐ Revenue has declined over the past 12 months.
- ☐ Profit margins have reduced significantly.
- ☐ Business costs continue to rise faster than revenue.
- ☐ We do not have up-to-date financial reporting.
- ☐ We are unsure of our current financial position.
- ☐ We are making business decisions without reliable financial information.

DIRECTOR AND PERSONAL STRESS INDICATORS

- ☐ Financial concerns are affecting my sleep or wellbeing.
- ☐ I spend significant time worrying about business debts.
- ☐ I am avoiding calls or correspondence from creditors.
- ☐ I am unsure what options are available to me.
- ☐ I feel like I am running out of time to address the situation.

YOUR RESULTS:

0–5 ticks:

Your business may be experiencing manageable financial pressure. Continue monitoring cash flow and seek advice if concerns increase.

6–10 ticks:

There may be emerging financial risks that should be addressed sooner rather than later. Seeking professional advice can help identify available options.

11+ ticks:

Your business may be experiencing significant financial distress. Early action is critical to maximise available restructuring and recovery options.



HM ADVISORY