

Get on Top of Your Tax Debts Before It Affects Your Credit Rating

How would you feel if your customers, prospective customers, suppliers or competitors knew your business was struggling to meet its tax obligations?

At some stage in 2018, if [proposed legislation](#) passes, this will be a reality.

If you have an ABN, have more than \$10,000 in debt outstanding for more than 90 days, and are not effectively engaging with the ATO to manage this debt, the ATO will have the power to report these debts to credit reporting agencies (effectively making the information publicly available).

If your business falls foul of these criteria, this could result in credit applications being denied, contracts / tenders being awarded to your competitors or customers seeking a 'please explain'.

As a small business owner, here are some things you can do to avoid being affected by these changes:

1. Don't put your head in the sand. If you are a director / business owner make sure you are across whether you have ATO debts and your reporting obligations are being met;
2. If you've historically struggled to pay the ATO on time, seek advice regarding what you can do to improve. There are sound strategies to improve cash flow, which if implemented can work for you; and
3. Have a cash flow forecast in place. It's much easier to manage tight cash flow if you know about it one, two, or three months in advance. There are apps out there like [Float](#) that automate a lot of the work involved in having live and accurate forecasts which you can share with your team and advisors.

And remember, we are here to help. If you are worried about how these changes will affect you, please contact us today.