

# Should I close my small business?

*We're here for small business*

## SHOULD I CLOSE MY BUSINESS?

If you're finding that your small business is no longer viable, you might need to consider closing. Making this decision isn't easy, however, help is available.

CPA Australia offers practical guidance on warning signs your business might be in trouble – both early on and at the critical stage – and actions you can take.

There are warning signs that you probably know about – profits falling, struggling to pay debts on time and cash flow statements showing deficits.

There are however other indicators that you might not have considered to be early warning signs. By recognising and acting on these signs, you might help avoid bigger problems down the track.



### Early warning signs that can be missed include:

- having difficulty accessing new finance from your lenders
- seeing negative changes in customer behaviour
- falling behind with BAS lodgements
- struggling with accounting and record keeping.

*If you notice these signs, speak to your accountant or a business advisor about your options to see if they can help you get back on track.*

### Critical warning signs include:

- having suppliers demand to be paid in cash or refuse to sell to you
- seeking finance from less reputable sources
- finding it more and more difficult to pay your staff or rent on time
- using GST collections, your own money or super contributions to help pay debts.

*If you notice these signs, speak to an accountant immediately.*

## ACCESSING RESOURCES

- CPA Australia's [guide on warning signs your business might be in trouble](#)
- The ATO's [business viability assessment tool](#) that you can also use to determine if your business is still financially viable
- Small Business Mentoring Service's [experienced mentors](#)
- Victorian Chamber of Commerce and Industry's [business recovery and resilience mentoring program](#)



## AUSTRALIA'S 2020 INSOLVENCY SYSTEM REFORMS

The Australian Government has recently changed Australia's insolvency laws to increase support for small businesses. The changes include:

- **a new 'debtor in possession' model**, allowing the business owner to keep trading and propose a debt restructuring plan
- **a new, simplified liquidation pathway for small businesses** to allow faster and lower-cost liquidation
- **reduced investigative and reporting requirements for liquidators.**

Find out more by in the [Australian Government's fact sheet](#).



## HELP IN CLOSING YOUR BUSINESS

CPA Australia's [checklist for closing your business in Australia](#) sets out the actions business owners need to consider when closing their business, including:

- financial and leasing considerations
- communicating the closure
- tax and legal obligations
- looking after yourself and your staff including [seeking mental health support](#) if needed.