



What is Phoenixing?

With the rise of the Black Economy which has left a tax deficit of an estimated \$50 billion in the Australian economy; the phenomenon known as Business Phoenixing has become prevalent. This is costing the Australian economy up to \$5.1 billion per year.

Leaving debt

Illegal business phoenixing is where a new company is started that continues from a previous exiting business that has been deliberately liquidated to avoid paying outstanding debts, including taxes, creditors and employee entitlements.

Typically, company directors transfer assets of the existing company to a new company without paying true market value and leaving debts. Once the transference of assets is placed, the old company is liquidated leaving no assets to be sold to recover debt.

The history

Activities of this sort began in the 1970s and 1980s and the first intergovernmental agreement began in 2011 when the Australian Taxation Office (ATO) formed the Inter Agency Phoenix Forum. The Phoenix Taskforce was established in November 2014, and in 2018 comprised of 13 Commonwealth entities and 21 state and territory government entities working

together to match data and identify, manage and monitor illegal phoenixing.

Who is in the Taskforce?

The Taskforce today consists of five steering members (which total 37 federal, state and territory governmental agencies), including:

1. The ATO
2. The Australian Securities and Investments Commission (ASIC)
3. The Fair Work Ombudsman
4. The Department of Jobs and Small Business
5. The Australian Border Force

What are the effects of Phoenixing?

This activity ends up costing the Australian community, employees, contractors, and the government through non payment of wages and entitlements, unfair costing advantages over competition, non-payment of suppliers, loss of taxation revenue that pays for community services and evasion of regulatory obligations.

It deprives the Australian economy of funds for community services such as hospitals, schools, roads and other essential services.