# Restructure rollover for small businesses

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ACCOUNTANTS | AUDITORS | BUSINESS ADVISORS

As a business grows, it is possible that the original structure no longer satisfies the needs of the business and restructuring is necessary.


Typically when a business is sold, you would have to pay income tax due to transferring assets. However, when a business is restructuring and the ownership of assets remains unchanged, the qualifying business may receive the Small Business Restructure Rollover from the ATO. This allows for the transfer of active assets from one entity to one or more separate entities without incurring an income tax liability.

A business may be eligible for the small business restructure rollover provided that:

- The change is a genuine restructure as opposed to an artificial or inappropriately tax-driven scheme.
- There is no change to ultimate economic ownership in the sense that the economic owners of an asset are not changed or transferred, including if there is more than one owner of that asset.

Businesses should note that there may be potential liabilities such as stamp duty or goods and services tax (GST) consequences to consider prior to restructuring.

The commissioner's remedial power has repealed laws that incurred tax consequences on depreciating assets during a business restructure. When transferring depreciating assets, like cars, during a business restructure, the commissioner's remedial power will automatically apply. There is nothing businesses need to do differently to qualify for this tax exemption.

*Please give your Accountant a call for any tailored advice in relation to your particular situation.*


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