

## The Implications Of Not Paying The Correct Tax And Your Company

As an honest company in Australia you have to pay your taxes in order to stay in business. There are a couple of things that can happen if you don't pay your taxes though. First off, if you don't pay your taxes on time and in the manner in which you are suppose to you may end up getting the company closed for non payment of taxes.

Now you might think that just because the company gets closed for non payment of taxes the company would be relieved of having to pay, but this is not true. The money is a bill that is basically past due. Think of a phone service or television. When not paid things get turned off, and you still owe the back pay, and then some late fees to get caught up. In addition you might have to pay to get things turned back on.

In the case where the company is closed, it might take auctioning off the company assets and such in order to solve the debt to the government. Not only this, but think of all the lost business from not being in service. Usually much more money will be lost this way, than if the taxes are just paid on time.

In addition to the company being closed the government then has the right to go after the director of the company for the tax money. As the director of the company, you have the obligation to make sure the company is following all of the laws of being in business and one of these laws is to pay taxes.

There has actually been a recent case where the director of the company did not take matters into their owns hands and make sure the taxes were paid. He did have a few defences such as not being in charge the entire time and acting honestly on behalf of the company, but an appeals court agreed with the government that he should be the one to pay the back taxes of over \$100,000. Originally he had won the case.

In this case the defendant Mr. Dick was an honest director but he did not do his due diligence into making sure everything was reported and taken care of as the ASIC would like it to be. He did assume things such as the new CEO was the director that were not true, and this in the end caused him to lose the appealed case.

It is imperative to remember that as the director of a company you are in charge of several things. You actually have to make sure the business is run by the rules (laws) and that everything is taken care of according to the ASIC and the government. If changes occur while you are the director of the company you should make sure they are reported, and if you step down as the director you should also make sure it is reported to save you from situations such as non payment of taxes.