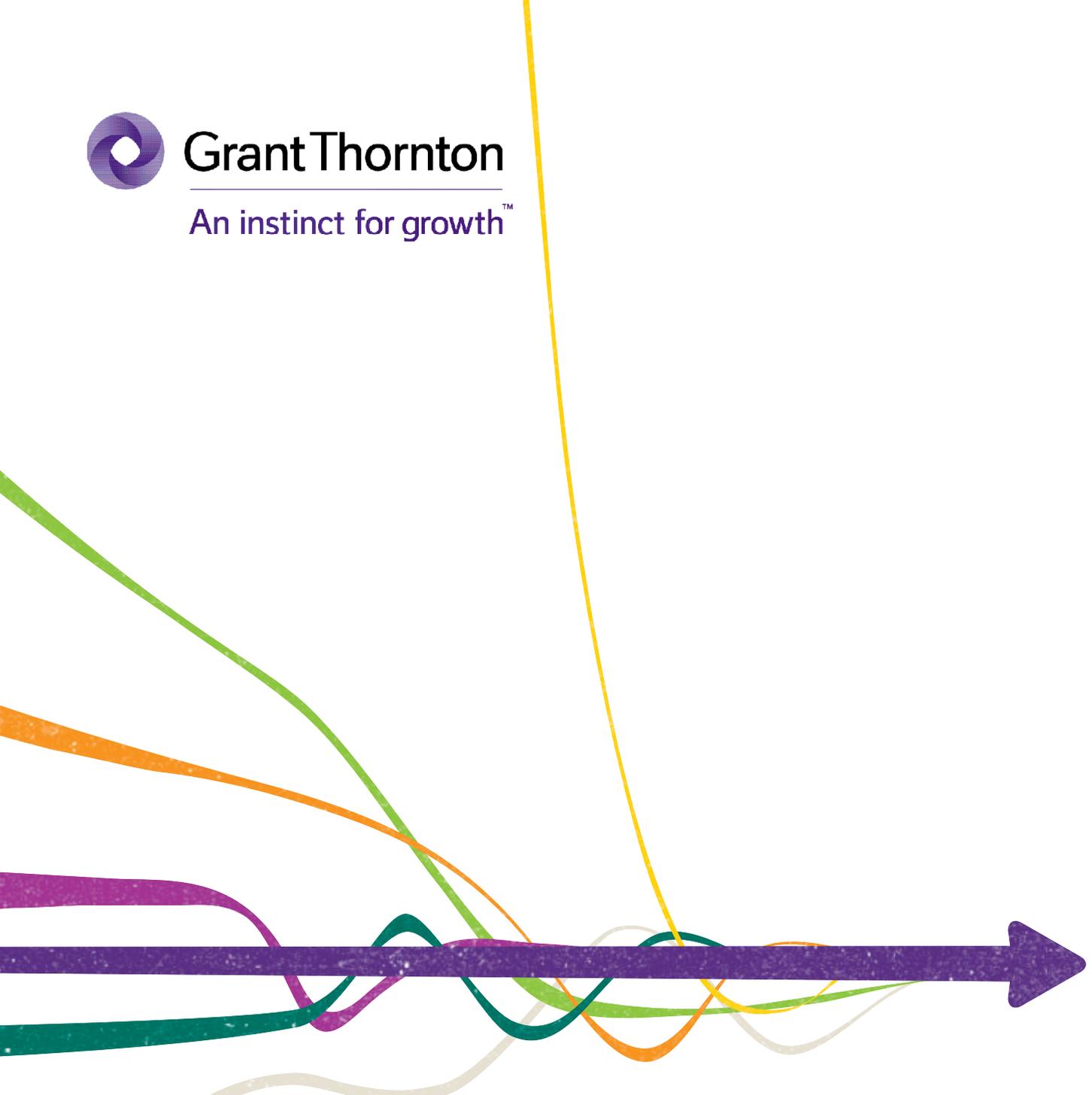




Grant Thornton

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# Grant Thornton Corporate Simplification

Centre of Excellence

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# What is corporate simplification?

*Redundant corporate entities can over complicate group structures and erode profits through unnecessary costs each year. A Corporate Simplification program is a careful review of the corporate structure which identifies those entities which can be removed from the structure resulting in savings, improving corporate governance and transparency and reducing directors' exposure.*

This may be through a process of arranging one or more Members' Voluntary Liquidations ("MVL"), or essentially a solvent liquidation.

Corporate Simplification can:

- reduce costs
- streamline group structures
- improve tax efficiencies
- remove unnecessary entities from group balance sheets
- result from due diligence recommendations
- prepare for a sale of part or all of the business.

# The Grant Thornton Corporate Simplification Centre of Excellence and how we can assist you

*Grant Thornton has established a dedicated Corporate Simplification Centre of Excellence. Our team of specialist advisers have extensive experience in delivering cost effective corporate simplification processes across a range of organisations from large public listed companies to family owned businesses.*

We can assist organisations that need to reduce operating costs and achieve a more simplified and transparent corporate structure by dissolving inactive companies that no longer serve any useful purpose.

We will apply a risk-based evaluation of your business operations, identifying and addressing areas where transparency and efficiency could be improved and unnecessary costs avoided.

We will assist with the entire process, including:

- a careful review of the corporate structure
- pre-liquidation reviews
- tax, accounting and statutory issues
- advising on de-mergers and reorganisations
- cross border issues in the case of foreign operations
- project management of group simplification schemes.

Corporate Simplification ensures that outstanding debts are paid in full and protects the members' interests while the company structure is dismantled and the surplus assets are distributed.

Once the company is in liquidation the liquidator will:

- realise any remaining assets
- call for proofs of debt and pay any outstanding debts
- lodge outstanding tax returns, pay any taxes and obtain tax clearances – no distribution can be made until tax clearances have been obtained
- distribute surplus funds (and possibly assets in specie) to members
- hold a final meeting of members.

Due to the formal advertising process that occurs during a Corporate Simplification, any debts which might be claimed post deregistration cannot be enforced. The company cannot be re-registered unless the party applies to the Court and shows cause as to why the company should be reinstated.

## Taxation

The liquidation process includes obtaining taxation clearances from the Australian Taxation Office and the Office of State Revenue.

There may also be taxation benefits, for the members, when using the Corporate

Simplification method allowing for the reorganisation of assets releasing intercompany balances without any tax implications.

If the distribution of the assets is done via a liquidator, there are specific tax provisions and capital gains tax regimes that are applied, proving advantageous for the members.

## Corporate governance

Through the elimination of obsolete corporate and tax structures, corporate governance is improved through a simplified corporate structure. This in turn reduces administrative and compliance costs and reduces demands on management time.

## The MVL process - indicative timeline

### Initial six weeks

Company completed pre-liquidation questionnaire

Grant Thornton completed pre-liquidation review

Any matters arising are addressed

Liquidation package sent to Directors

Directors convene a meeting and sign

Declaration of Solvency

Call a general meeting of members

Notices sent for general meeting of members

### Three weeks (unless consent to short notice obtained)

Meeting of members to wind up company

### Six months

Liquidation commences

Tax clearances obtained

Assets distributed

Final meeting called

Final forms lodged with ASIC

### Nine months

Company struck off Company

Register and deregistered

**The entire process from pre-liquidation to company deregistration typically takes 12 months.**

# Our team

*By having access to our multi-disciplinary team in Grant Thornton nationally and internationally, our Corporate Simplification team can ensure the process is delivered effectively and efficiently.*

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