Small Business Restructuring

Overview

A Small Business Restructure is a purpose-built solution to assist Australian companies resolve their financial distress and recover their position.

A Small Business Restructure (SBR) is a practical solution designed for Australian companies with otherwise viable operations experiencing a period of a financial difficulty. Unlike a formal administration, a SBR enables company directors to retain control of their business operations while a qualified SBR practitioner assists the company to develop a recovery plan. This plan provides the company a fresh start to manage historic debts, improve cash flow and improve operational efficiencies.



Small Business Restructuring Process

Eligibility

To be eligible for a SBR, a company must first adhere to a strict set of eligibility criteria. These requirements are that the business must:

- Have a total of less than $1 million AUD owing to creditors and be operated by a Company.
- Submit all due tax returns, notices and applications as required by law.
- Be able to pay all employee entitlements that are due and payable.

Additionally, a business cannot undergo a SBR if its operating company or director(s) have previously been subject to a SBR in the preceding 7 years. To confirm that all of the above criteria have been met director(s) must sign a declaration of eligibility prior to appointment.

Restructuring Proposal Period

To undergo a SBR the Director(s) of the company must hold a meeting and vote to resolve that the company is insolvent or at risk of being insolvent in the future. Director(s) must also resolve that a restructuring practitioner (RP) be appointed to the company. A RP must be a liquidator registered with the ASIC to administer an SBR.

Following appointment of a RP, the proposal period begins. During this time, company director(s) maintain control of the business and all trading activities in the ordinary course. Only transactions that can be considered outside of the ordinary course of business must have approval sought from the RP. A moratorium is placed on any creditor claims against the company due and payable prior to appointment. Debts incurred following the appointment of a RP are not captured as part of the SBR process.

The proposal period lasts for 20 business days, but can be extended by a further 10 business days at the discretion of the RP. During the proposal period the RP works with company directors and advisors to formulate a restructuring plan.

©2026 Teneo. All rights reserved.

Voting Period

At the end of the proposal period, the RP will provide creditors with a completed restructuring plan and report to creditors. This report identifies the creditors of the company, disclosing the precise quantum they are owed as well as the dividend proposed to be paid to creditors under the plan.

Following circulation, creditors have 15 business days to vote on whether they would like to accept or reject the proposed restructuring plan. If the plan is accepted, the company exits restructuring and enters a restructuring plan period. This period continues until the company meets its obligations under the restructuring plan or the plan is otherwise terminated.

Restructuring Plan Completion

A restructuring plan is effectuated when the terms of the plan are met, typically this occurs when all required payments to creditors under the plan have been made. At the effectuation all creditor claims dealt with under the plan are compromised at the agreed rate, and a full and final dividend will typically be paid by the RP to creditors using contributions from the company.

A restructuring plan may also be terminated even if the plan has been accepted by creditors. This can occur in the event that the terms of the plan are not adhered to by the company. If a plan is terminated, creditors' claims revert to their status prior to the SBR, becoming due and payable.

How We Support You

Teneo Australia has extensive experience in the implementation of Small Business Restructuring plans. We adopt a tailored approach for each case, working with companies, their director(s) and advisors to formulate a restructuring plan that supports the long-term success and viability of the company. We take careful consideration to ensure that the company meets all eligibility criteria and provide advice on alternative avenues for restructuring that could lead to a better outcome.



Key Contacts



Robert Ditrich
Senior Managing Director
robert.ditrich@teneo.com



Andy Scott
Senior Managing Director
andy.scott@teneo.com



Craig Crosbie
Senior Managing Director
craig.crosbie@teneo.com



Carl Hoerner
Director
carl.hoerner@teneo.com

© 2026 Teneo. All rights reserved. This material was produced by Teneo for use solely by the recipient. This communication is intended as general background research and is not intended to constitute advice on any commercial investment or trade matter or issue and should not be relied upon for such purposes. The views expressed here represent opinions as of this date and are subject to change without notice. The information has been obtained from sources believed to be reliable but no guarantees can be given as to its accuracy, completeness or reliability. AI-enabled tools may have been used in the preparation of this report to assist with data analysis, content structuring, and editorial refinement. Where used these tools did not operate autonomously and did not replace expert judgment. All outputs were reviewed, validated, and finalized by the report authors, who retain full accountability for the accuracy and integrity of the work. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic or otherwise, without the prior consent of Teneo.