Productivity Commission
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UNSW Tax and Business Advisory Clinic Submission in response to the Productivity Commission's inquiry into Reducing barriers to business dynamism in Australia

Thank you for the opportunity to make a submission in response to the Productivity Commission's inquiry into reducing barriers to business dynamism in Australia. We support the objective of improving business dynamism. A dynamic economy depends on people being able to enter business, take risks, restructure, fail, recover, and re-enter economic life.

However, business entry, restructuring and exit processes need to account for circumstances where formal legal status does not reflect genuine consent, practical control or access to records. In financial abuse contexts, a person may be recorded as a director, partner, sole trader, trustee or business owner while another person controls the records, decision-making and financial benefit of the business. Safety by Design is therefore important to ensure that reforms intended to support entrepreneurship do not unintentionally entrench the consequences of coercion

This submission is also made in the context of the Government's stated commitment in the Women's Budget Statement 2026–27 to embed Safety by Design principles into new and existing Commonwealth systems, to remove opportunities for abuse or misuse and respond proactively to evolving threats[1] That commitment is particularly relevant to this inquiry. Reforms that make business entry, restructuring and exit faster, cheaper, or simpler should also be tested for whether they could be misused to perpetrate intimate partner financial abuse or make it harder for victim-survivors to exit coerced business structures.

Our submission concerns the administrative and regulatory machinery through which businesses are created, operated and exited, including business registrations, directorships, ABNs, tax lodgments, tax agent authority, ATO debt processes and insolvency pathways.

[1] Australian Government, Women's Budget Statement 2026−27 (Budget Paper, 12 May 2026) 2 https://budget.gov.au/content/womens-statement/download/womens-budget-statement-2026-27.pdf

Summary of Recommendations

#	Recommendation
1	Adopt safety-by-design as a mandatory assessment lens for business entry, expansion, transfer and exit reforms.
2	Strengthen consent and dispute safeguards at business entry, including for directorships, ABNs, tax agent nominations, partnerships, trusts and SMSF-related structures.
3	Recognise unresolved tax-lodgment backlogs as a structural barrier to orderly business exit, particularly where records were controlled by a perpetrator.
4	Establish a simplified finalisation pathway for ceasing micro and small businesses, including where records are incomplete because of coercion, identity misuse or family violence.
5	Ensure business closure or company deregistration is not treated as a complete exit where victim-survivors remain exposed to personal liabilities.
6	Fund and enable trauma-informed intermediary support, including tax clinics, financial counsellors, community legal centres and pro bono practitioners, as practical infrastructure for safe business exit.

Recommendation 1: Adopt Safety by Design as a mandatory assessment lens

This recommendation is supported by our frontline evidence that coercion and identity misuse can arise across business structures, not only through company directorships.

Business entry, operation and exit systems are generally designed around a set of assumptions: that the person named on a record gave genuine consent, understood the role they were accepting, had practical control over the business, and had access to the records needed to comply with their obligations.

In intimate partner violence and financial abuse contexts, those assumptions often fail. A victim-survivor may be recorded as a director, sole trader, partner, trustee, or business owner while the perpetrator controls the bank accounts, business records, accountant relationship, myGov access, email accounts, phone numbers, point-of-sale systems, and day-to-day decision-making.

Our frontline evidence demonstrates why this is a whole-of-system design issue rather than a problem confined to one legal structure. Among our clients' coerced tax debts, approximately 51% arise through company structures, 24% through sole-trader arrangements, 24% through partnerships and 1% through trusts or other structures. Our clients' coerced tax debts average approximately $68,000, and Director Penalty Notices have ranged from $5,000 to $600,000[2].

These figures show two things. First, coerced company directorships are a significant and highly visible pathway through which perpetrators can shift liability onto victim-survivors. Secondly, no entity type is immune. A reform agenda that addresses coerced directorships alone risks displacing abuse into other structures, including ABNs, sole trader arrangements, partnerships, trusts, tax agent authorisations, SMSFs and myGov-linked business access.

The central regulatory design problem is therefore not only that some people are wrongly recorded as company directors. It is that business systems can treat formal status as proof of genuine consent and practical control. In doing so, they may convert coercion into legal liability and leave victim-survivors

[2] Based on de-identified UNSW Tax and Business Advisory Clinic client data concerning coerced tax debts.

responsible for debts, lodgments and compliance obligations arising from businesses they did not control.

For this reason, Safety by Design should be embedded across business entry, expansion, transfer and exit reforms. The objective is not to make business formation harder for genuine entrepreneurs. It is to ensure that faster, simpler, and cheaper business processes do not make it easier to impose business status or business debt on a person through coercion, deception, or identity misuse.

Recommendation 2: Strengthen consent and dispute safeguards at business entry

Reducing administrative friction at business entry is a legitimate objective. However, in financial abuse contexts, low-friction registration can also create low-friction abuse if systems do not distinguish between identity verification and genuine consent. A person may provide identity documents under pressure, be forced to sign documents, have an email address created in their name, or have multi-factor authentication controlled by the perpetrator.

Business entry reforms should therefore include safeguards proportionate to the risk of harm. These include direct notification to verified personal contact details, safe-contact options, visible records of current and historical business roles through myGov, and accessible pathways to dispute directorships, ABNs, tax agent nominations, or other business links created without genuine consent.

In our previous submission to Treasury on Registry Stabilisation and Uplift[3], we emphasised that holding a Director ID should not be treated as evidence of free and informed consent to a particular directorship. A Director ID is an identity tool; it does not prove that a person understood, accepted, or controlled a particular appointment. We also recommended a visible "dispute my directorship" pathway, safe-contact options, verified contact details and cross-agency correction protocols.

The same Safety by Design logic should apply across other business entry points. A person should have a safe, simple, and visible way to identify and challenge business roles, registrations, tax agent links, or obligations created without genuine consent.

Where a disputed appointment, registration or authorisation is corrected, that correction should flow through relevant agency systems, so the person is not left linked to unsafe contact details or business roles they did not genuinely accept.

Lived Experience	**Coerced directorship and unsafe contact settings**
	Lily was recorded as a director of multiple companies operated by her husband. He controlled email addresses in her name and used them for multi-factor authentication and digital signatures. This allowed him to complete company, banking and Director ID-related processes while appearing to be her. She had no access to company tax information and had never authorised the companies' accountant to act for her. Although she later went through administrative processes to have her name removed as director, legacy contact settings meant she continued receiving ASIC letters demanding payment of overdue amounts. Each new letter re-triggered the consequences of a business structure she had never knowingly agreed to manage.

[3] UNSW Tax and Business Advisory Clinic, Submission in response to The Treasury's consultation on Registry Stabilisation and Uplift Design (Submission, 10 February 2026) https://www.unsw.edu.au/content/dam/pdfs/business/acct-audit-tax/tax-clinic/publications-submissions/2026-02-unsw-response-treasurys-consultation-on-registry-stabilisation-and-uplift-design.pdf

Recommendation 3: Recognise unresolved tax lodgment backlogs as a structural barrier to business exit

Outstanding tax lodgments can operate as a structural barrier to business exit. For victim-survivors, the barrier is rarely simple unwillingness to comply. It commonly reflects the fact that the perpetrator controlled the business records, bank accounts, point-of-sale systems, accountant relationship, myGov access or corporate documents.

In such circumstances, a requirement to regularise years of lodgment before an exit pathway can be accessed may trap the victim-survivor in the very structure through which the abuse occurred.

In practice, the exit barrier may arise through a company, partnership, sole trader ABN, trust, or other business arrangement. The common issue is that the victim-survivor is expected to regularise obligations attached to a business structure while lacking the records, access, control, or safety required to do so.

This has consequences beyond tax administration. Unresolved lodgments can:

- Prevent a person from understanding the true debt position;
- Delay or prevent access to bankruptcy or other insolvency pathways;
- Affect child support assessments;
- Impede Centrelink access;
- Complicate family law and property settlement processes
- Prevent business sale, closure, or transfer;
- Prevent remission, compromise, or debt-release options from being carefully considered; and
- Stop a victim-survivor from rebuilding their financial independence and participating fully in economic life

Lived Experience	**Lodgment backlog blocking recovery and re-entry**
	Miwa left a domestic violence situation and relocated regionally to rebuild her life and establish a small coffee truck business. To separate her financial affairs from her former partner, she needed to address several years of outstanding personal and partnership tax returns. Those lodgements became a critical chokepoint. Resolving them was necessary for an accurate child support assessment, family law, and mediation processes, determining whether partnership funds had been misappropriated, and removing barriers to Centrelink income support. For Miwa, unresolved lodgements were not merely a compliance issue. They impeded economic recovery, legal certainty, income support, and her ability to rebuild through a new small business.

The practical exit options for vulnerable clients are often limited. Small Business Restructuring may not be available in practice where historical tax lodgements are outstanding, because a company must have given required tax returns, notices, statements, applications or other documents before a restructuring plan can be proposed to creditors. Liquidation may also be unavailable in practice where the company has no assets, and the victim-survivor cannot fund an external administrator. While ASIC's Assetless Administration Fund can support liquidator investigations in limited circumstances, particularly where misconduct or phoenix activity may warrant enforcement action, it is not a general pathway for all assetless small companies.

This leaves some victim-survivors in a regulatory gap: unable to restructure because lodgements are incomplete, unable to liquidate because there are no funds, and unable to safely regularise the company because the relevant records were controlled by the perpetrator. This is why business exit reform must be linked to enablement. Without trauma-informed tax, insolvency and legal assistance, the formal existence of an exit pathway may not translate into practical access to that pathway.

Recommendation 4: Establish a simplified finalisation pathway for ceasing micro and small businesses

The Commission should consider a standing simplified finalisation pathway for ceasing micro and small businesses, particularly in instances where family violence, coercion or identity misuse has affected access to records.

Such a pathway should include:

- Practical guidance on reconstructing income and expenses from bank statements, merchant facility records, point-of-sale records, and third-party data
- Coordination with AFSA, ASIC and Services Australia where tax lodgments affect insolvency, registry correction, Centrelink, or child support;
- Acceptance that perfect records may not exist where the perpetrator controlled the business;
- A trauma-informed pathway to finalise or estimate outstanding obligations where exact reconstruction is impossible; and
- Referral pathways to low-cost or funded insolvency advice where SBR, liquidation, deregistration or bankruptcy may be relevant but unaffordable or blocked by incomplete lodgements.

The above would not excuse non-compliance, it would create a safe and orderly pathway for people who are willing to engage but cannot meet ordinary expectations because the underlying records and systems were controlled by another person.

Recommendation 5: Ensure business closure or company deregistration is not treated as a complete exit

Efficient company closure is important to business dynamism. In straightforward cases, deregistration or other streamlined exit pathways may be appropriate and should be supported. However, in matters involving coercion, identity misuse, disputed control, tax debts or suspected misconduct, deregistration is not a complete answer.

For victim-survivors, the problem is rarely limited to the company's continued existence. Closing the company may remove the entity from the register, but it does not necessarily resolve the personal and administrative consequences that have attached to the victim-survivor. These may include outstanding tax lodgments, ATO debts, Director Penalty Notices, ASIC fees, penalties and interest, unsafe contact settings, personal guarantees, bankruptcy considerations, family law issues, child support assessments, Centrelink consequences, and ongoing enforcement correspondence.

Nor does deregistration necessarily explain how the liabilities arose, who controlled the business, who instructed the accountant, who operated the bank accounts, who accessed myGov or ATO online services, or whether assets and income were transferred elsewhere. These issues may need to be understood before a victim-survivor can safely resolve their tax position, obtain insolvency advice, respond to recovery action, or demonstrate that they lacked genuine consent or practical control.

Accordingly, business exit reforms should focus not only on closing entities, but on whether the affected person can achieve a practical and safe exit from the liabilities and administrative barriers attached to that entity. Where coercion or identity misuse is identified, exit pathways should include coordinated mechanisms for safe contact, access to relevant records, tax finalisation, debt-resolution consideration, registry correction, and insolvency advice.

The objective is not to slow down genuine business closure. It is to ensure that streamlined exit does not leave victim-survivors with unresolved personal liabilities and no practical way to show how those liabilities arose or who controlled the business in substance.

Lived Experience	**Coerced business control and failed exit**
	Waliyaah was coerced into becoming the sole director of multiple companies because her former partner could not satisfy licensing requirements. She appeared on corporate records as the responsible director, but operational control and decision-making remained with the perpetrator. After his imprisonment, she inherited responsibility for the remaining trading business, including historic tax debts, ongoing reporting obligations, and uncertainty about her personal liabilities. Although legal advice suggested selling the remaining business to address outstanding tax debts, its market value was substantially lower than the liabilities attached, leaving business exit both financially and administratively difficult.

Recommendation 6: Fund and enable trauma-informed intermediary support

Formal legal rights and administrative remedies are insufficient if victim-survivors cannot safely identify, access or use them. In many matters, the first barrier is not legal merit but practical engagement: trauma, fear of authorities, lack of records, lack of digital access, unaffordable professional fees, unsafe contact details, and uncertainty about what may be uncovered.

Trauma-informed intermediaries are therefore not peripheral to business dynamism. They are part of the practical infrastructure that allows people to regularise, restructure, exit, and re-enter economic life.

In our matters, tax clinics and allied services often provide the practical bridge between formal legal pathways and a client's ability to use them. This work includes helping clients reconstruct income and expenses, access ATO records and portals, identify relevant financial records, engage with tax agents, accountants, and regulators, and communicate safely with the ATO. It may also involve assisting clients to understand insolvency options, respond to Director Penalty Notices or debt recovery action, and identify where coercion, identity misuse or unauthorised tax agent authority may have occurred.
Just as importantly, this support helps clients gradually rebuild the confidence needed to engage with systems that have previously been used against them.

Intermediary support is particularly important where clients need advice on whether SBR, liquidation, deregistration or personal bankruptcy is available, and where the cost of an external administrator or the absence of up-to-date lodgements prevents ordinary exit pathways from being used.

Lived Experience	**Support as the pathway into compliance**
	Veronia experienced prolonged identity misuse and financial abuse, including fraudulent credit, business-related liabilities, misuse of digital access and outstanding tax lodgments. Although formal pathways existed to lodge returns, engage with the ATO and seek relief, those pathways were practically inaccessible without sustained support. The client repeatedly withdrew from the process because re-engaging with the tax system was overwhelming and unsafe. Over more than a year, the Clinic assisted her to access records,

reconstruct business income from bank statements and point-of-sale information, understand deductible expenses, and progressively rebuild confidence to engage.

The Commission should therefore treat intermediary support as part of the design of effective business exit, not as an optional adjunct. This includes funding and formal recognition for tax clinics, financial counsellors, community legal centres, and pro bono practitioners, as well as fee-free or low-cost access to registry information for accredited frontline professionals.

Closing Remarks

We welcome the opportunity to contribute to this inquiry. We support reforms that make genuine business entry, restructuring and exit more efficient. Our concern is that efficiency must be designed safely. Systems that make business participation easier must also be capable of identifying when that participation was coerced, fraudulent or controlled by another person.

A Safety by Design approach would strengthen, rather than weaken, business dynamism. It would help ensure that regulatory systems support genuine entrepreneurs, deter misuse by perpetrators, preserve integrity, and provide practical exit pathways for people who have been trapped in business structures through coercion and abuse.

We would welcome the opportunity to provide further evidence, case examples or technical input as the Commission develops its interim report.

If you would like to discuss this submission further, please contact Madhvi M at [redacted]

Yours faithfully,

UNSW Tax and Business Advisory Clinic

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