Turks.

Current Australian Corporate Insolvency Trends and Activity

April 2026

Prepared for clients of Turks' Commercial teams

CONTENTS

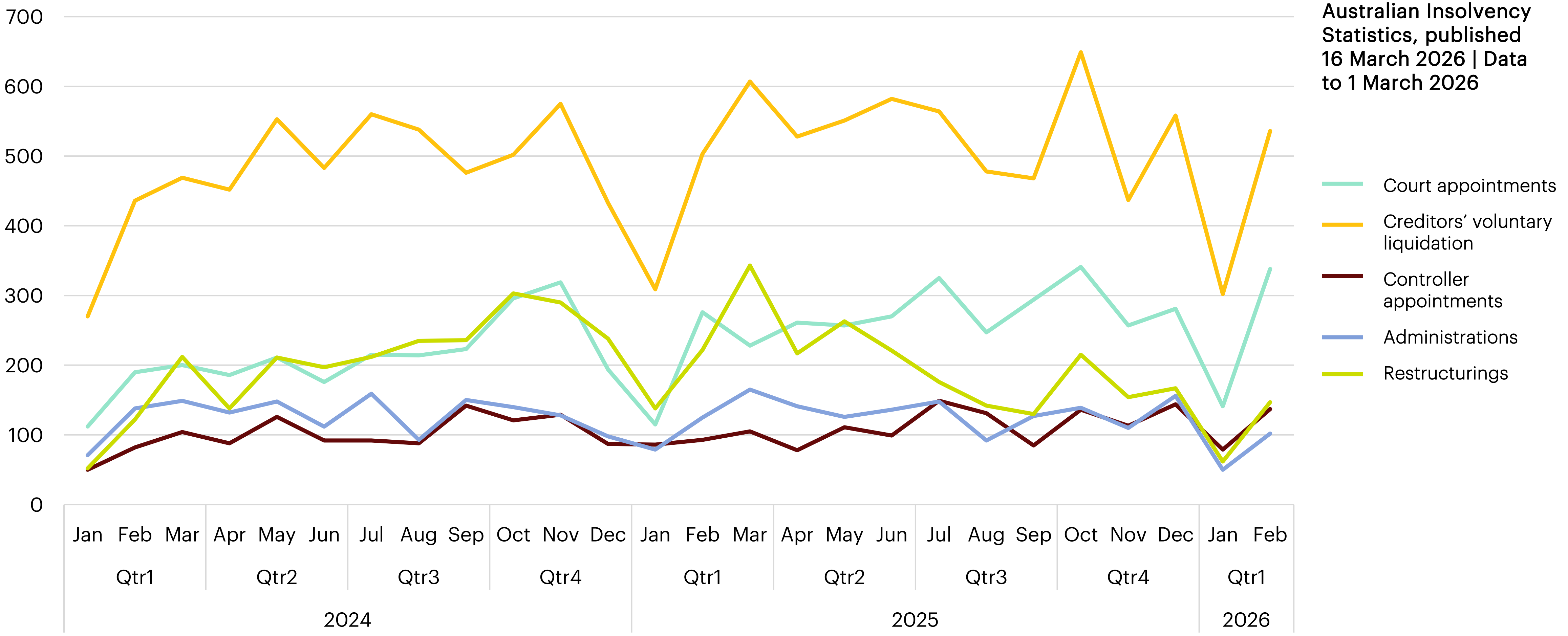
The latest insolvency data released by the Australian Securities and Investments Commission (ASIC) on 16 March 2026 confirms that insolvency appointment volumes remain at historically elevated levels across the Australian economy. Construction, accommodation and food services, and retail continue to bear the greatest burden.

At the same time, the Australian Taxation Office (ATO) has materially intensified its debt recovery and enforcement activity, marking a decisive shift away from its pandemic-era compliance approach. This escalation is translating directly into a sustained increase in court-initiated liquidations and heightened personal exposure for company directors.

This note summarises the key insolvency statistics, industry trends and ATO enforcement developments emerging from the latest data.

Turks.

ASIC Insolvency Statistics

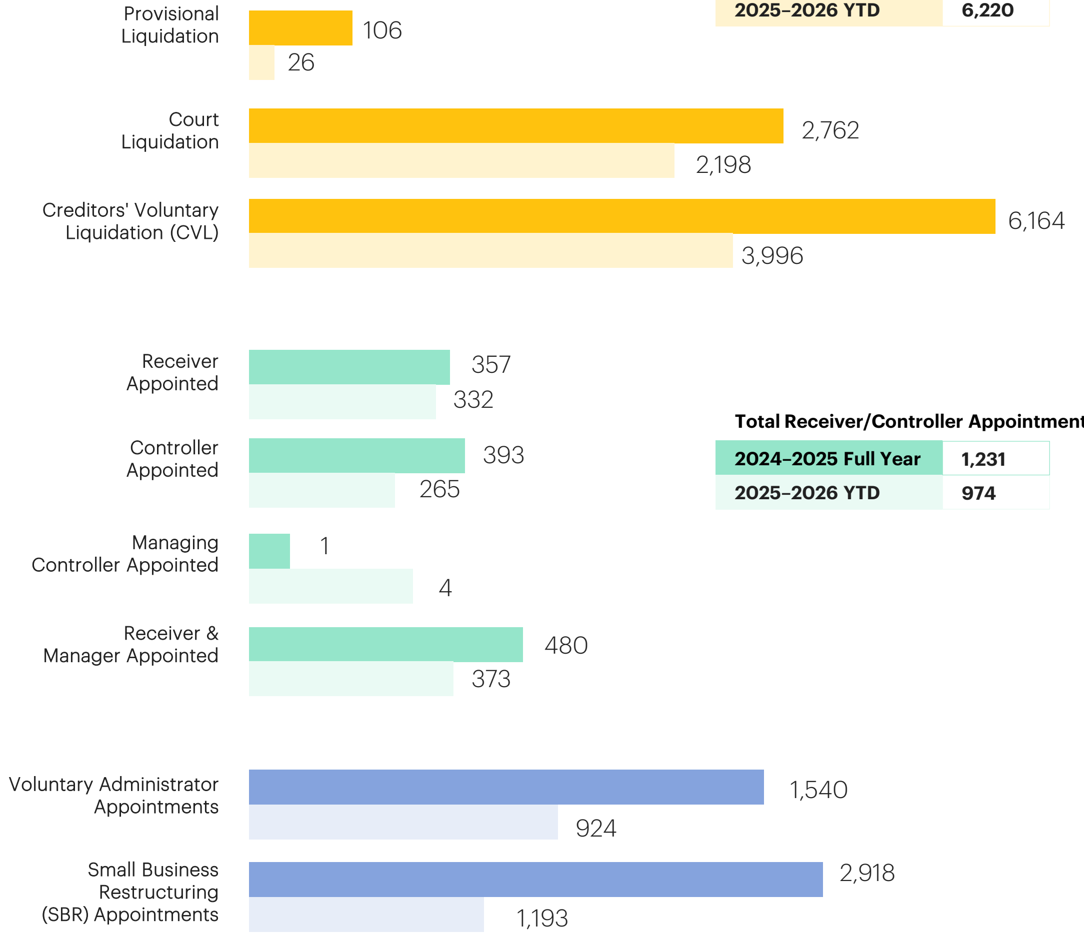


Source: ASIC Australian Insolvency Statistics, published 16 March 2026 | Data to 1 March 2026

Turks.

Appointments by Type

Total Liquidator Appointments	
2024–2025 Full Year	9,032
2025–2026 YTD	6,220



Total Receiver/Controller Appointments	
2024–2025 Full Year	1,231
2025–2026 YTD	974

KEY OBSERVATIONS

- **Creditors' Voluntary Liquidations (CVLs)** remain overwhelmingly the most common form of insolvency appointment, accounting for 6,164 appointments in 2024–2025 and 3,996 YTD in 2025–2026. CVLs typically represent directors voluntarily placing company into liquidation, often in response to unmanageable debt.
- **Court liquidations** are tracking at a noticeably elevated pace in 2025–2026, with 2,198 appointments YTD. If this run rate continues, court liquidations are on track to materially exceed the 2,762 recorded for the full 2024–2025 year. This is consistent with increased creditor-initiated enforcement activity, most notably by the ATO.
- **Small Business Restructuring (SBR) appointments** totalled 2,918 in 2024–2025, reflecting strong uptake of the restructuring process since its introduction. YTD 2025–2026 appointments stand at 1,193, suggesting continued but moderating use of the SBR regime.
- **Voluntary administration appointments** were 1,540 in 2024–2025 and 924 YTD in 2025–2026.

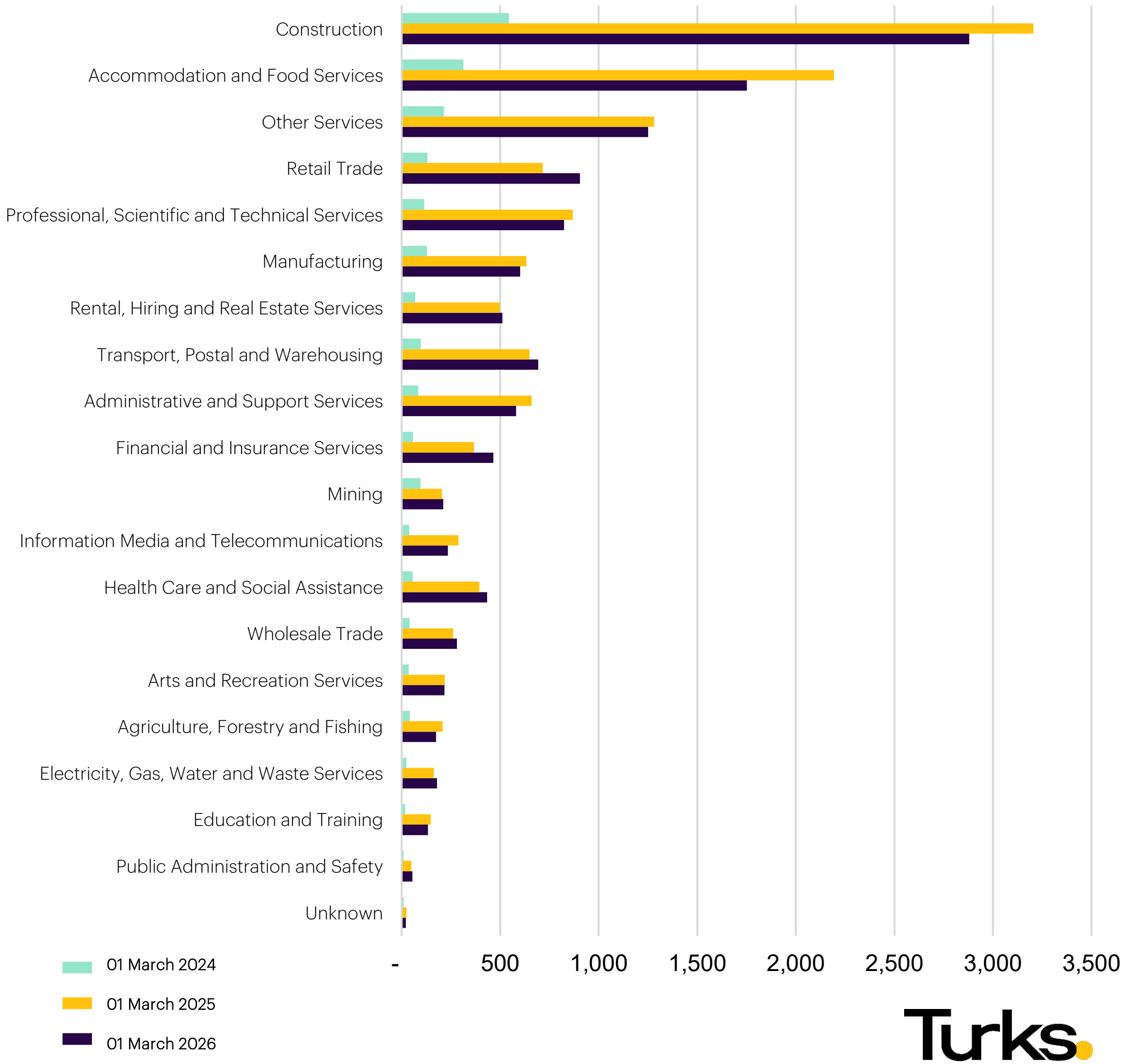
Grand Total — All Appointments	
2024–2025 Full Year	14,722
2025–2026 YTD	9,311

Turks.

KEY OBSERVATIONS

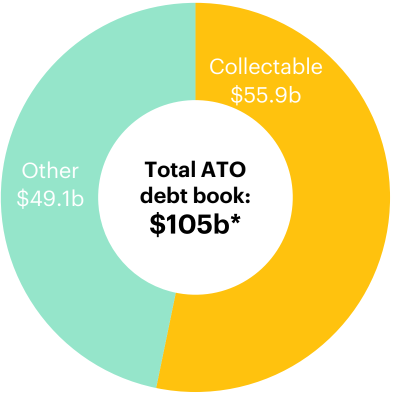
- **Construction** is by far the most severely affected industry, consistently accounting for approximately 24% of all insolvency appointments — 3,596 in 2024–2025 and 2,252 YTD in 2025–2026. The sector continues to face significant headwinds including rising material costs, labour shortages, fixed-price contract exposures, and project delays.
- **Accommodation and Food Services** is the second most affected sector, recording 2,476 appointments in 2024–2025 and 1,376 YTD in 2025–2026, as the industry continues to manage the legacy impacts of the pandemic alongside elevated operating costs and softening consumer spending.
- **Retail Trade** is showing a notably elevated share in 2025–2026 YTD at 670 appointments (7.2% of all appointments), compared to 871 for the full 2024–2025 year (5.9%). This upward trajectory suggests increasing financial pressure on the retail sector.
- **Transport, Postal and Warehousing** (532 YTD, 5.7%) and Manufacturing (444 YTD, 4.8%) are also tracking at elevated run rates compared to their 2024–2025 full year totals.
- **Mining** is on track to significantly exceed its 2024–2025 total, with 128 appointments YTD compared to 144 for the full prior year.

Appointments by Industry



Turks.

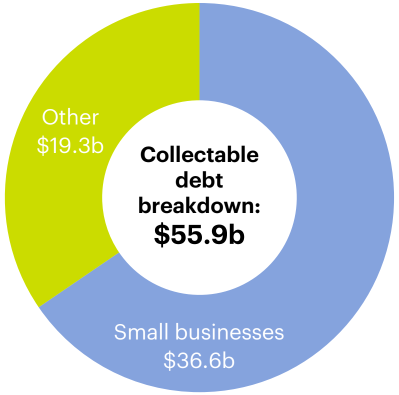
ATO Debt & Enforcement Activity



***Highest on record**

>16%

of Commonwealth revenue (2024–25)



Debt concentration

22,000 taxpayers

are responsible for $11 billion of the total collectable debt (≈20% owed by ~1% of debtors)

Debt under management (as at 31 May 2025)

631,000 active payment plans

were in place covering more than $11.1 billion of tax debt (≈24%)

Most common forms of outstanding debt:

- GST collected but not remitted to the ATO
- Pay As You Go (PAYG) withholding
- Unpaid superannuation guarantee contributions

ATO ENFORCEMENT – KEY TOOLS BEING DEPLOYED

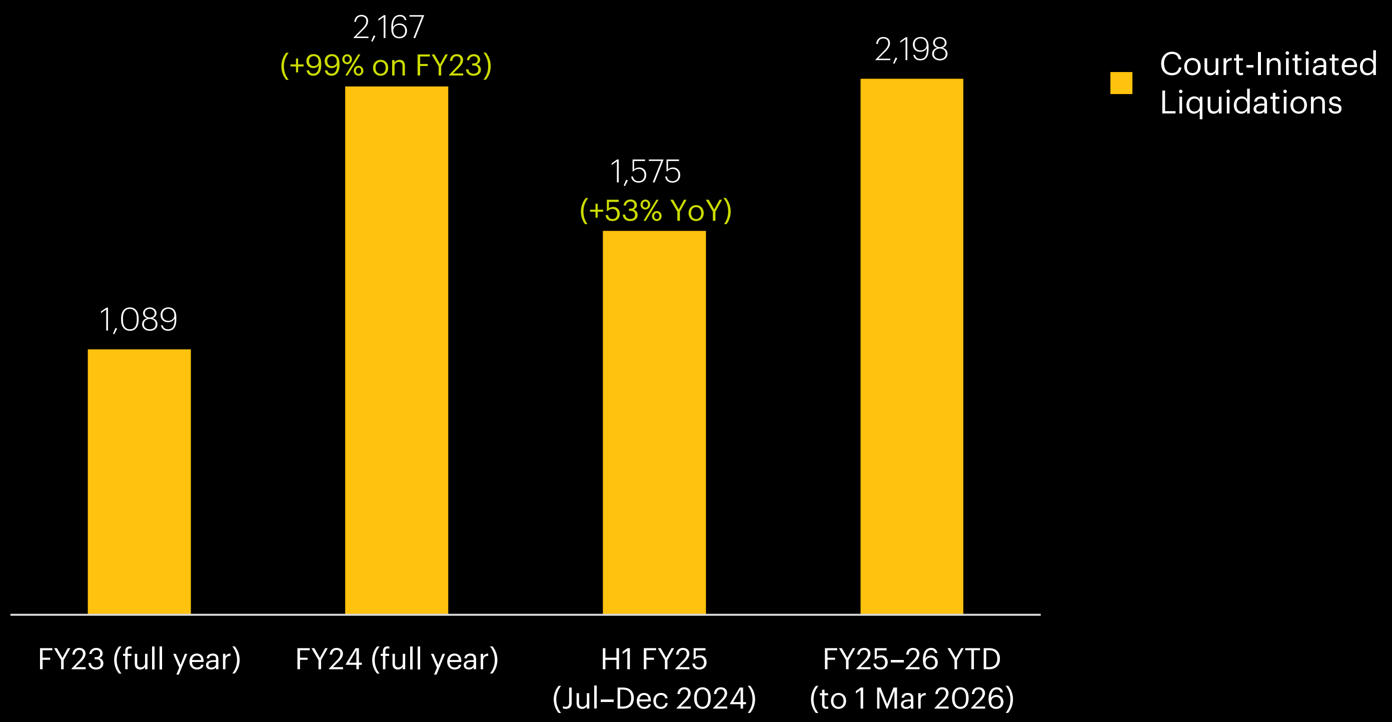
The ATO has shifted from leniency to active enforcement, using the tools outlined below:

Director Penalty Notices (DPNs)	26,702 DPNs issued in FY2024, valued at >$4b; directors have 21 days to act before personal liability attaches.
Wind-Up Applications	ATO-driven court liquidations surged to 2,167 in FY2024 (+99% YoY) and are tracking higher in FY2025.
Garnishee Notices	Garnishee notices allow funds to be taken directly from bank accounts or third parties without court action.
Departure Prohibition Orders	Departure Prohibition Orders are preventing directors and individuals with significant debts from leaving Australia.
Bankruptcy Notices	Bankruptcy notices issued to individuals owing >$10,000, capable of triggering bankruptcy proceedings.
Credit Reporting	Tax debts reported to credit agencies, impacting business credit ratings and reputations.
Third-Party Debt Collectors	External collection agencies engaged to pursue outstanding debts at scale.

ATO Wind-Up Applications

The ATO is consistently the most active creditor applicant in court winding-up proceedings in Australia.

Whilst ASIC's published data does not separately isolate ATO-initiated applications from those filed by other creditors, the broader court liquidation data reflects the ATO's escalating enforcement posture:



The 2,198 court liquidations recorded in 2025–2026 YTD suggest that full-year court-initiated liquidations will again exceed the prior year's total.

Key Takeaways

Insolvency volumes

Total appointments remain at historically elevated levels — 14,722 in 2024–2025 and 9,311 YTD in 2025–2026.

CVLs dominant

CVLs account for the majority of all appointments, reflecting continued director-initiated wind-downs of unviable businesses.

Court liquidations rising

Court-initiated liquidations are on track to again exceed prior year levels, driven significantly by ATO enforcement.

Construction most affected

Construction consistently accounts for approximately 24% of all insolvency appointments.

Retail under increasing pressure

Retail Trade's share of appointments is increasing in 2025–2026, warranting close attention.

ATO enforcement escalating

ATO's $105 billion debt book and aggressive enforcement posture, including DPNs, garnishees and wind-up applications, is a primary driver of insolvency activity.

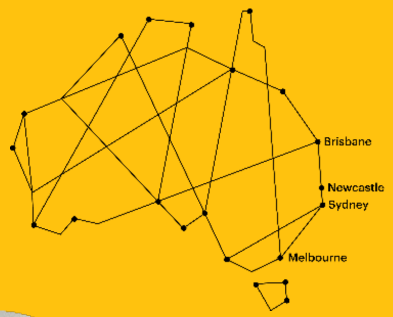
Director exposure

Directors face significant personal liability exposure via DPNs, particularly where PAYG, SGC or GST remains unpaid. The 21-day response window following DPN service is critical.

GIC no longer deductible

From 1 July 2025, ATO interest charges are not tax deductible, increasing the real cost of carrying any ATO debt.

Contacts



NSW

Daniel Turk
Partner (Sydney)
02 8257 5727
Daniel.Turk@turkslegal.com.au

David McCrostie
Partner (Sydney)
02 8257 5711
David.McCrostie@turkslegal.com.au

Lisa Morrissey
Partner (Sydney)
02 8257 5721
Lisa.Morrissey@turkslegal.com.au

Lachlan Wilson
Partner (Newcastle)
02 8257 5817
Lachlan.Wilson@turkslegal.com.au

Amy Bayliss
Special Counsel (Sydney)
02 8257 5743
Amy.Bayliss@turkslegal.com.au

VIC

Allan Kawalsky
Partner (Melbourne)
03 8600 5022
Allan.Kawalsky@turkslegal.com.au

Stephen Teale
Partner (Melbourne)
03 8600 5008
Stephen.Teale@turkslegal.com.au

QLD

Joel Blackman
Partner (Brisbane)
07 3212 6710
Joel.Blackman@turkslegal.com.au

Sam Norton
Partner (Brisbane)
07 3212 6720
Sam.Norton@turkslegal.com.au

Turks.