



Current Australian Corporate Insolvency Trends and Activity

September 2026

Prepared for clients of Turks' Commercial teams

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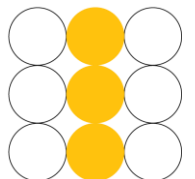
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The most recent data published by the Australian Securities and Investments Commission (ASIC) on 11 August 2026 shows that appointment volumes remain at elevated levels, with construction, accommodation and retail sectors bearing the greatest burden.

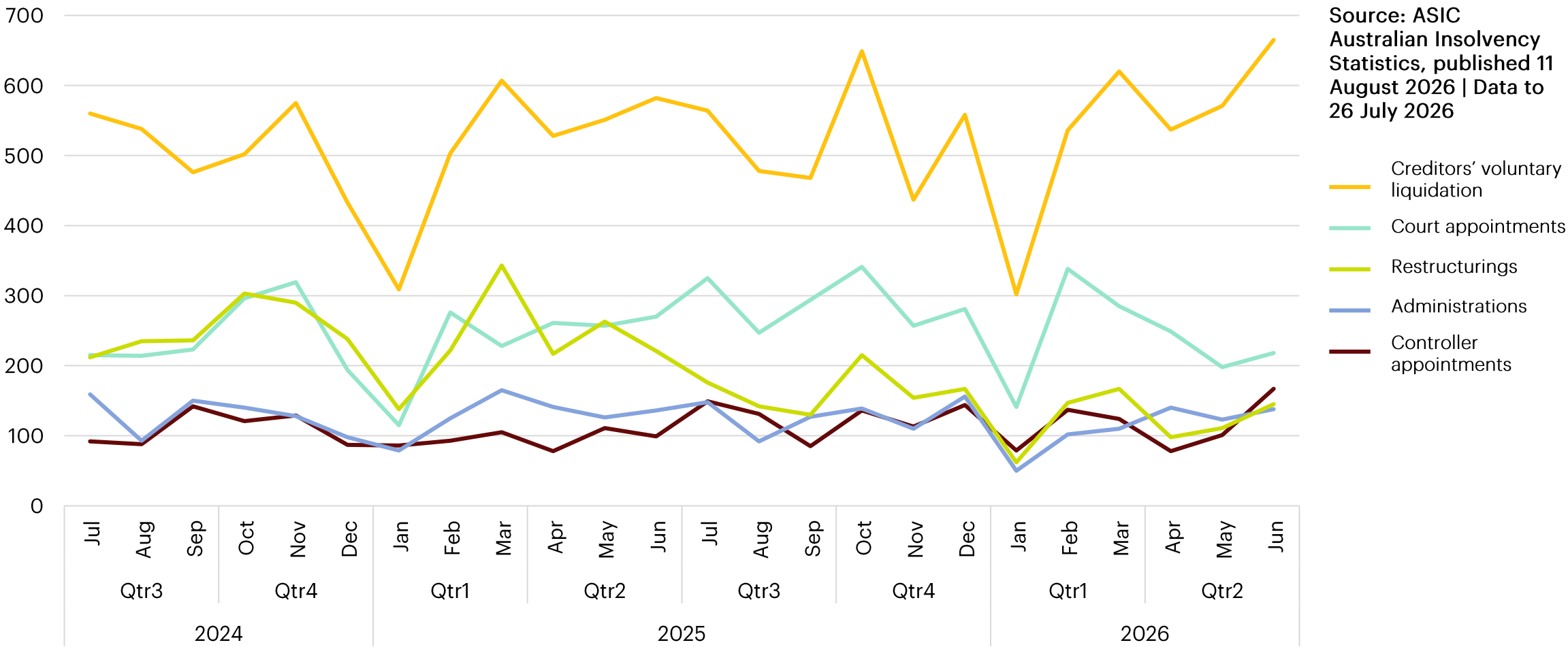
Concurrently, the Australian Taxation Office (ATO) has materially escalated its debt recovery and enforcement activity, contributing to a marked rise in court-initiated liquidations.

This note summarises key statistics and trends.

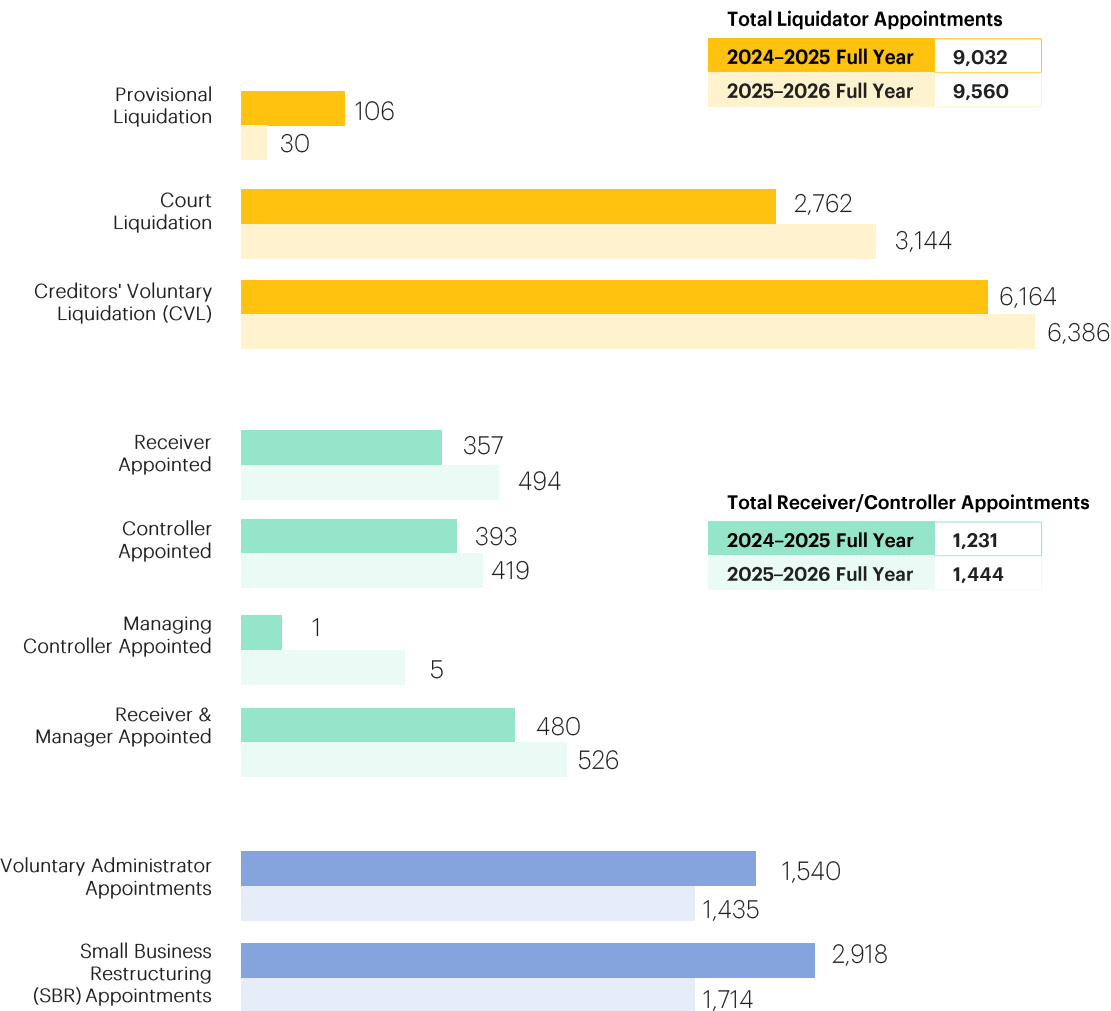
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ASIC Insolvency Statistics



Appointments by Type



KEY OBSERVATIONS

- Creditors' Voluntary Liquidations (CVLs)** remain overwhelmingly the most common form of insolvency appointment, accounting for 6,164 appointments in 2024-2025 and 6,386 in 2025-2026. CVLs typically represent directors voluntarily placing company into liquidation, often in response to unmanageable debt. Quite often the appointment is a response to the issue of a director penalty notice by the ATO (reported to have issued 84,000+ notices in 2024/2025).
- Court liquidations** saw a significant increase, with 3,144 appointments as compared to 2,762 in 2024-2025. This is consistent with increased creditor-initiated enforcement activity, most notably by the ATO.
- Small Business Restructuring (SBR) appointments** totalling 2,918 in 2024-2025, have dropped significantly in 2025-2026 to 1,714. The decline in use of the SBR regime is particularly interesting. There have been reports of the ATO "tightening" its approach to proposals and focusing on compliance. As the ATO is often the largest creditor, its approach has a significant impact. A company can only use the process once in the past 7 years.
- Voluntary administration appointments** were fairly steady - 1,540 in 2024-2025 and 1,435 YTD in 2025-2026.

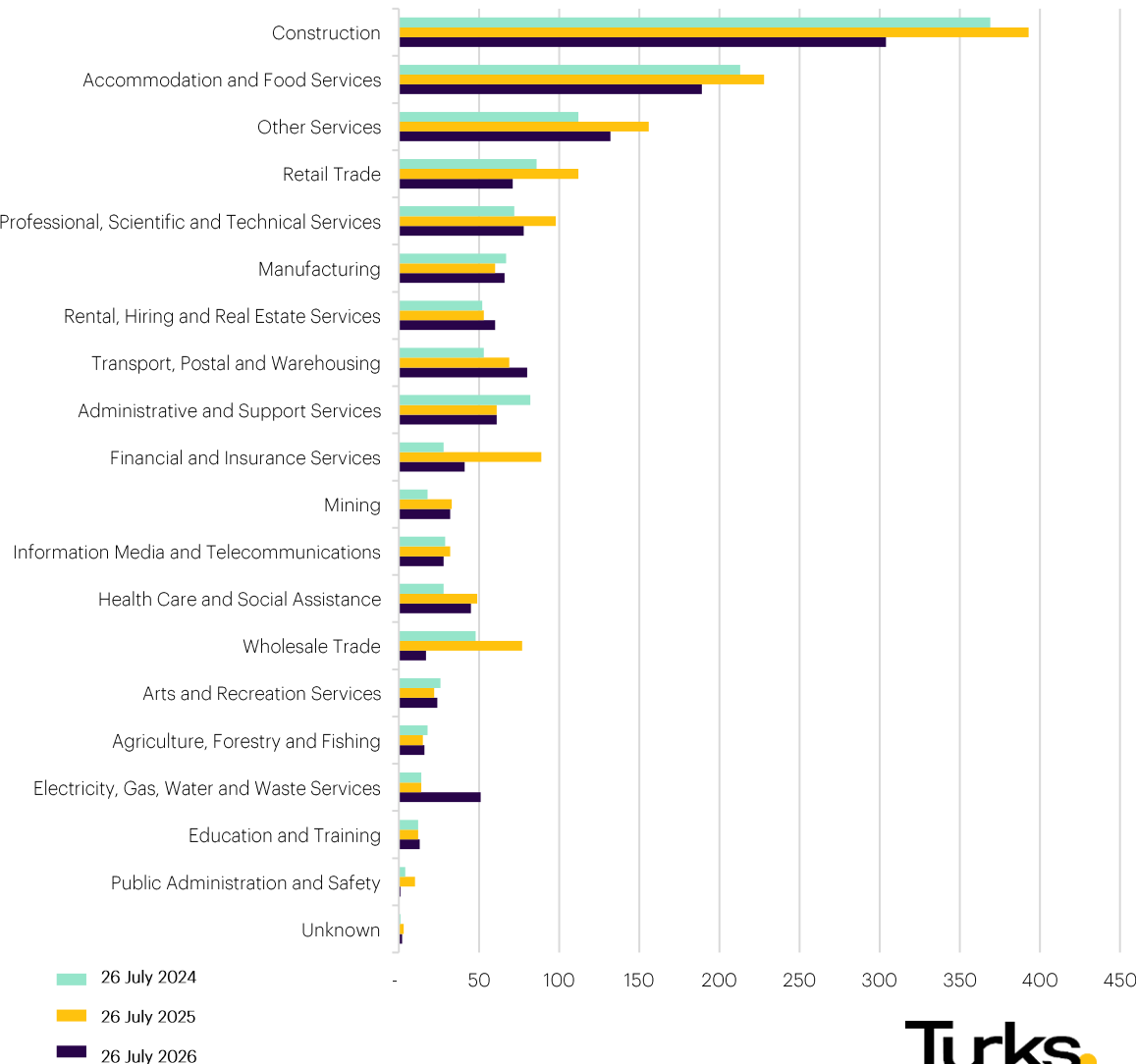
Grand Total — All Appointments	
2024-2025 Full Year	14,722
2025-2026 Full Year	14,153

KEY OBSERVATIONS

The two leading industries in 2024-2025, Construction and Accommodation and Food Services, have dropped off slightly in the 2025-2026 reporting period. It should also be noted that almost half of all SBR appointments were in these two sectors.

-  **Construction** remains the most severely affected industry, accounting for approximately 24.5% (or 1 in 4) of all insolvency appointments — 3,596 in 2024-2025 and 3,472 in 2025-2026.
-  **Accommodation and Food Services** has dropped off slightly with 2,476 appointments in 2024-2025 and 2,078 in 2025-2026.
-  **Retail Trade** increased the most, rising from 871 appointments in 2024-2025 (5.9%) to 1,006 in 2025-2026 (an increase of 135 appointments or 15.5%).
-  **Transport, Postal and Warehousing** rose from 734 to 813 appointment (a 10.8% increase), with the fuel crisis and supply chain disruption having a significant impact.
-  **Mining** showed the largest relative increase, up from 144 to 193 appointments (a rise of approximately 34%). While it remains one of the smaller industries by volume, the impact on the industry overall must be noted.

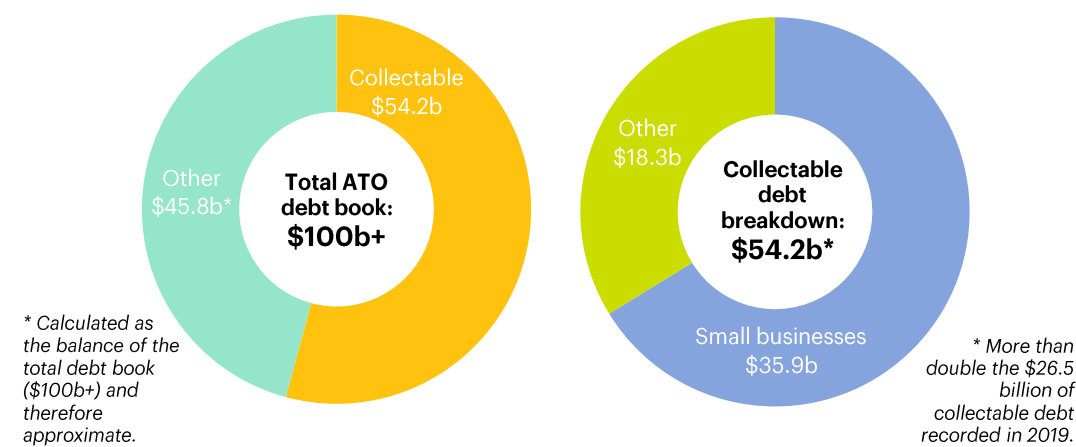
Appointments by Industry



ATO Debt & Enforcement Activity

The ATO's total debt book remains over \$100 billion, described by ATO Deputy Commissioner Hirschhorn as an 'immediate challenge' for the regulator, noting that too many businesses have been using the ATO as a working capital overdraft.

A recent report on the ATO Management of Small Business Collectable Debt by the Australian National Audit Office



Small business collectable debt decreased by 19.4 billion (118% between 2018-2019 and 2024-2025 but is still recognised as being at unacceptable levels and remains 'out of tolerance'.

ATO ENFORCEMENT – KEY TOOLS BEING DEPLOYED

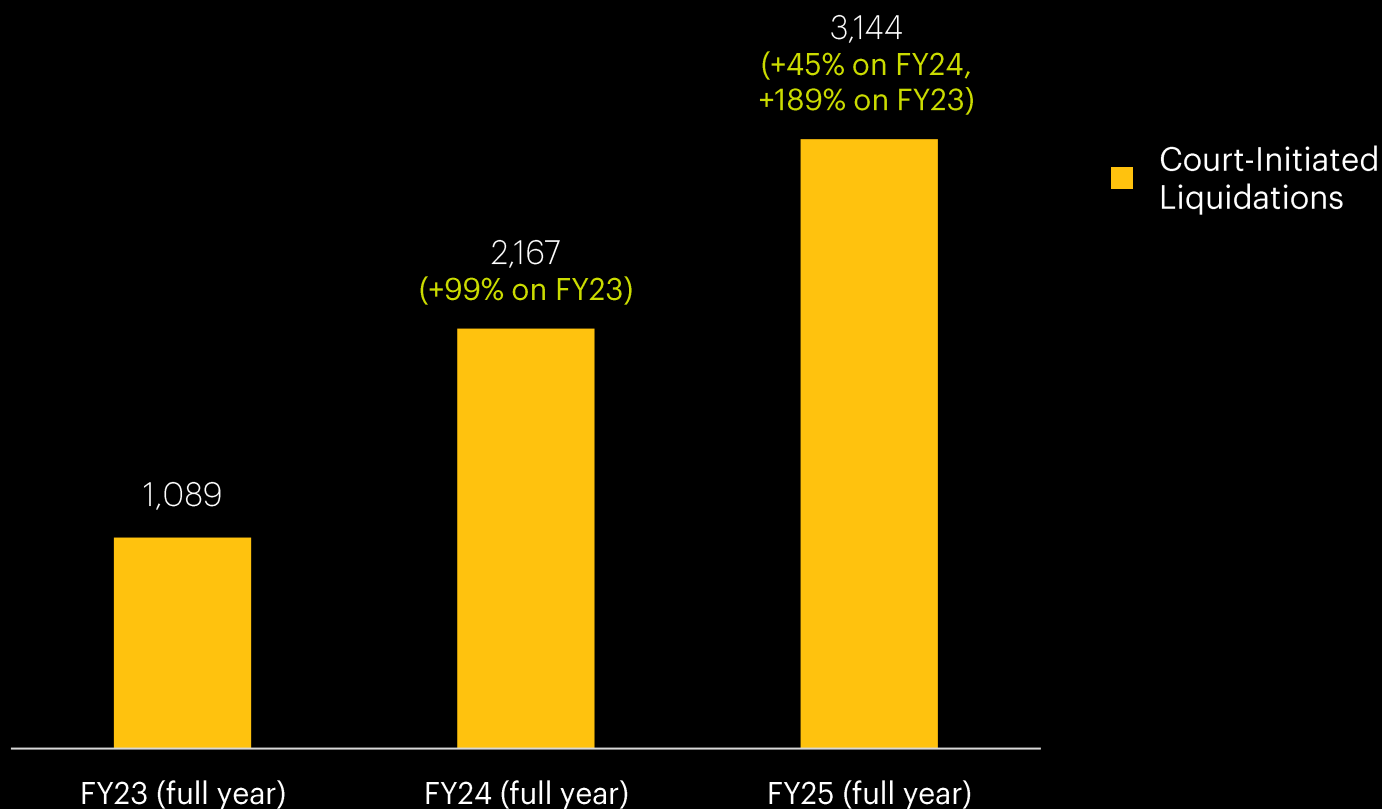
The ATO's corporate plan for 2025-2026 identifies 'strengthening payment performance and debt collection' as a priority.

Director Penalty Notices (DPNs)	Directors have only 21 days from service to act before personal liability is locked in.
Wind-Up Applications	The ATO is a primary driver of court-initiated liquidations.
Garnishee Notices	Funds claimed directly from business bank accounts or third-party debtors without court proceedings.
Departure Prohibition Orders	Directors and individuals with significant debts are being prevented from leaving Australia.
Bankruptcy Notices	Issued to individuals owing more than \$10,000, capable of triggering formal bankruptcy proceedings.
Credit Reporting	Tax debts are being reported to credit agencies, impacting business credit ratings and reputations.
Third-Party Debt Collectors	The ATO is engaging external collection agencies 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:



2025-2026 far exceeded the previous two financial years. The graph represents court ordered winding up and does not include those applications filed and resolved

Key Takeaways

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 have exceeded prior year level, driven significantly by ATO enforcement.

Construction most affected

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

Retail under increasing pressure

Retail Trade recorded the largest increase in insolvency appointments, rising 15.5% year-on-year.

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.

Involuntary lenders

Anecdotal evidence from appointees suggests that in some industries, it has become usual practice to use statutory creditors as involuntary lenders (aligns with ATO's observation it is often used as a working capital facility).

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