

Monthly Credit Risk Insights by Alares

Hi Colleague,

August saw the first sign that insolvencies may be starting to **decline**. This is almost right on cue as the insolvency catch draws to completion with only 300 **additional** insolvencies remaining. Will the August numbers reflect a new "normal"? Stay tuned to next month's update to see how this plays out.

Key highlights in August

- Insolvencies declined significantly from the record high in July.
- Small business restructuring (SBR) appointments continue to drop.
- Despite the reduced insolvencies, the ATO has remained as active as ever in recovering tax debts.

Alares provides critical due diligence data that is not captured by credit reporting agencies.

For **better due diligence** on your **customers** and **suppliers**, please get in touch

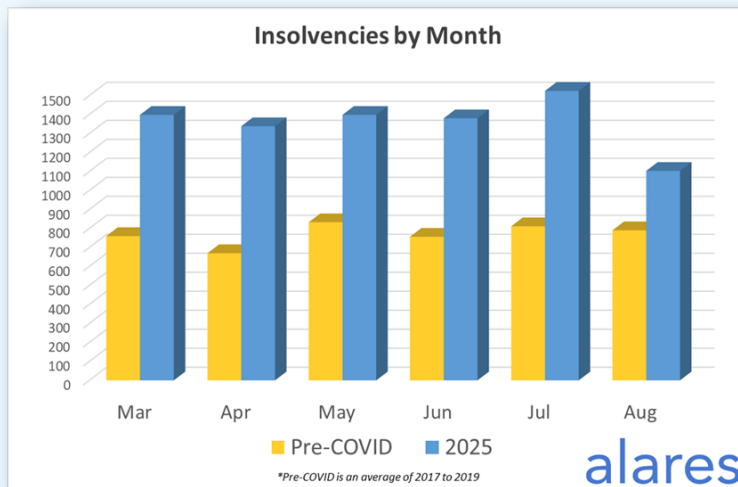
-

Contact Us

Arrange a call

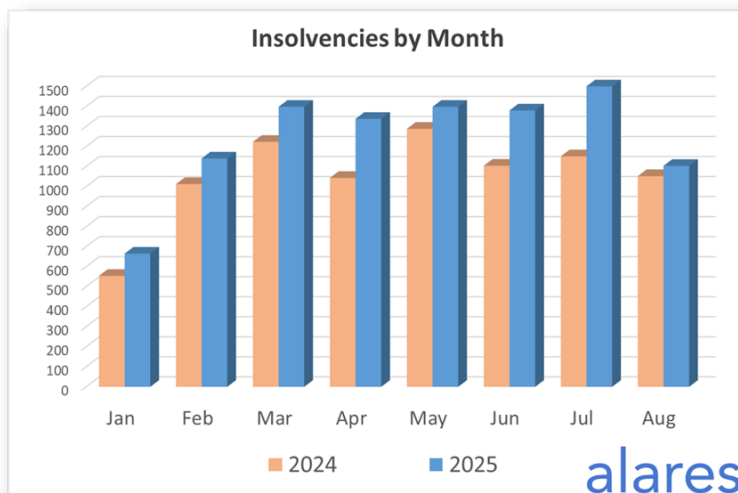
Insolvencies in August dropped sharply from the July high

While overall numbers remain well above pre-pandemic levels, the drop in August showed us the first indication of what may happen once the insolvency catch-up is complete.



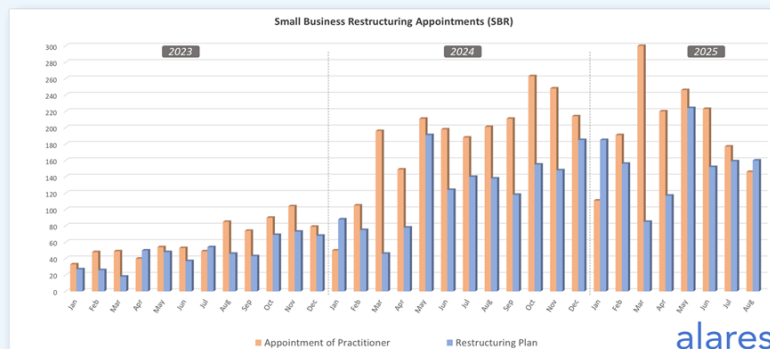
2025 numbers continue to track above the previous highs from 2024

August was only marginally above 2024 on a month-on-month basis. Will this trend finally reverse in September?



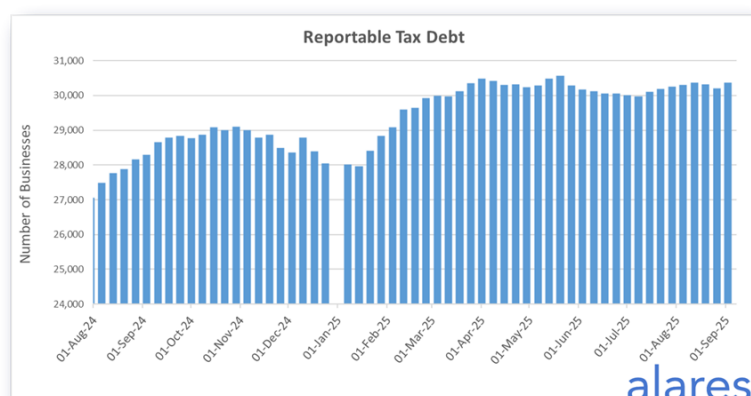
Small business restructuring (SBR) appointments continue to drop since the March high

SBR appointments continued to drop in August, in-line with insolvencies more broadly. This again may reflect more scrutiny from the ATO in terms of accepting SBR proposals.



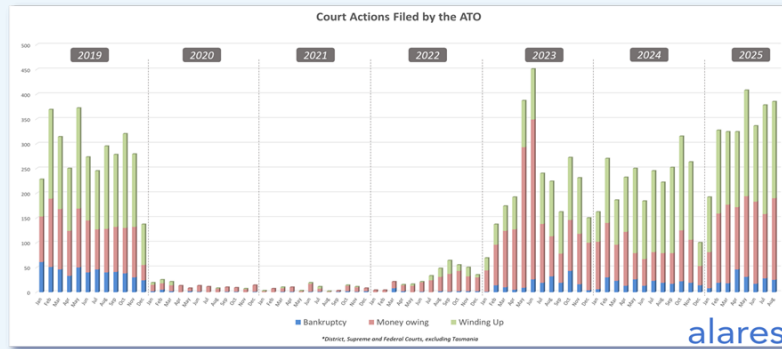
The ATO remains as vigilant as ever with the Disclosure of business tax debts

The number of businesses subject to tax debt reporting remains above 30,000, representing over \$9B in outstanding tax debts that do not have a repayment plan or adequate engagement with the ATO.



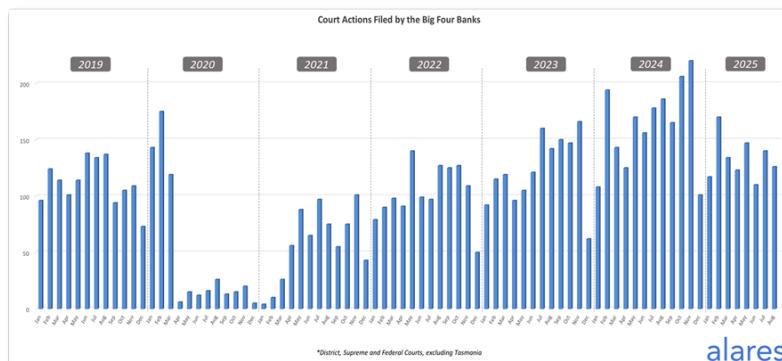
Similarly, the ATO continues full-speed with Court recoveries

The ATO's collection of outstanding tax debts continues at speed, with yet another increase in Court recoveries in August.



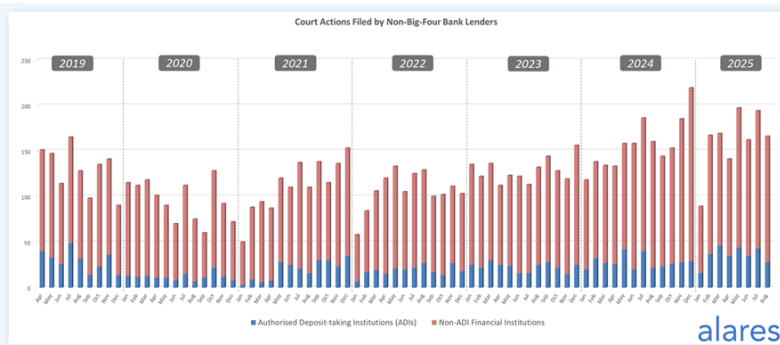
The big four banks on the other hand continue to reduce their Court recoveries on a year-on-year basis

This follows a prolonged ramp-up over prior years, suggesting a concerted effort among the big four to weed-out problematic borrowers.



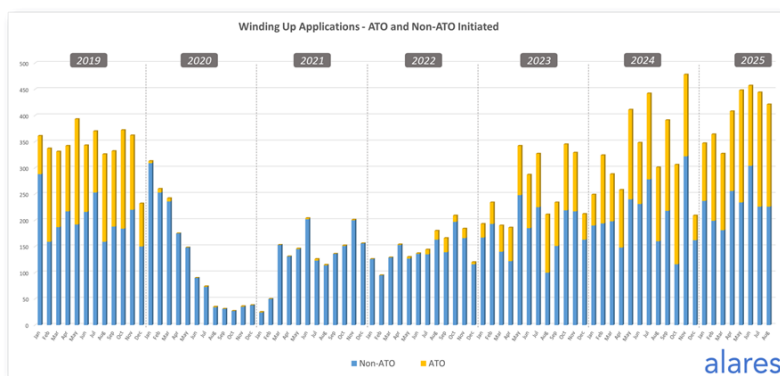
The reduction in Court activity from the big-four banks continues to be offset by an increase from other lenders

This could again be indicative of higher-risk borrowers increasing needing to look outside the big-four for funding.



Winding up applications remain above historical levels

Despite the recent drop in insolvencies, winding up applications continue to hover at or near all-time monthly highs, both for ATO-initiated and non ATO-initiated applications.



Alares provides critical due diligence data that is **NOT** captured in credit reports or other searches.

For better **insights** into financial and reputational risks impacting your **customers** and **suppliers**, please get in touch -

Contact Us

Arrange a call

Subscribe to our Newsletter

alares

 Share

 Forward

[Unsubscribe](#)