



Monthly Information Newsletter – Tax & Super

March 2021

A hand up for small businesses on a cash flow

The ATO has produced a “Cash Flow Coaching Kit”, which is a free resource and designed as a value-add advisory tool for small business owners. It does not replace any existing accounting or financial tools, although it can be used to complement software accounting packages.

With its tailored coaching conversations about cash flow management, the ATO’s kit can be particularly useful in times of financial stress. Cash flow problems continue to be a major issue for small businesses and may indeed be more so after the past year of COVID woes. Research shows:

- almost half of small businesses are under financial pressure within the first year, and this often increases into years two and three of business
- 60% of small businesses cease operating within their first three to four years
- 90% of small business failures are due to poor cash flow
- small businesses who manage their cash flow effectively are more likely to succeed.

The resources in the kit can help small business owners better understand the actions they can take to manage their cash flow. This includes:

- learning the fundamental concepts of cash flow
- understanding how cash flows in and out of your business and ways to assess business viability
- scenario planning to identify possible actions to improve performance by increasing cash in or reducing cash out in your business.

The Cash Flow Coaching Kit is available in digital and paper versions. To access the digital version, email cashflowcoachingkit@ato.gov.au, or if you’d prefer a paper version please ask us.

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