

Media Release

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Crackdown on builders dodging responsibilities

Building companies who deliberately and repeatedly go bust to avoid paying debts are being put on notice, with the Victorian Building Authority (VBA) working as part of the Phoenix Taskforce to crack down on illegal phoenix activity.

Established in 2014, the Australian Taxation Office (ATO) led Phoenix Taskforce brings together federal, state and territory agencies to detect and disrupt businesses engaging in illegal phoenix activity.

The VBA's Executive Director Regulatory Operations David Brockman said people with ties to a company that has entered external administration have faced greater scrutiny since the VBA had its powers strengthened in 2020.

"We have a role in ensuring practitioners understand how to do things correctly, and in discouraging risky, harmful behaviour in the building industry such as illegal phoenixing," Mr Brockman said.

"If you think you can avoid the scrutiny of regulators by simply liquidating your company, moving assets and then seeking re-registration, think again."

The VBA runs a series of credit history and background checks using internal and external data when practitioners who have entered into external administration apply for registration or renewal.

The extra scrutiny means the corporate activity of building practitioners who have served as directors, secretaries or influential persons of companies that have entered external administration can impact on that practitioner's suitability for registration or renewal.

If the VBA confirms that a building practitioner served in any of these capacities in the two years prior to their company entering external administration, the VBA can refuse their registration or renewal, or issue a show cause notice requiring them to justify why they should be granted further registration.

The VBA has denied 15 registrations or registration renewals since July 2020 as part of its work preventing illegal phoenixing activity. Among those stopped were domestic builders, commercial builders, commercial building companies, domestic building companies and draftspersons.

ATO Assistant Commissioner George Montanez said the ATO shares information with taskforce members such as the VBA, using sophisticated data matching tools to identify those promoting or engaging in illegal phoenix activity.

"As a taskforce we take action against phoenix operators by working together to disrupt their business model," Mr Montanez said.

"We make it financially unviable, removing their ability to operate, applying financial penalties and prosecuting the worst offenders."

Victorians can visit vba.vic.gov.au/check to make sure their builder or plumber is registered or licensed.

If you know or suspect illegal phoenix activity, report it to the ATO by completing a [Tip-Off form](#) or calling the Tax Integrity Centre on 1800 060 062.

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