

LIQUIDATIONS AND RECEIVERSHIPS  
A LOOK AT TAX PLANNING AND TAX IMPLICATIONS

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By : Hasnol Bin Esa

ITM I/C No : 85797043

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Advisor : Puan Faridah Ahmad

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## 1.0 INTRODUCTION

It is important firstly to understand the circumstances leading to liquidation of a company, or it being placed under receivership:

1.1 Circumstances leading to companies being wound up or placed under receivership.

1.1.1 Continual losses on trading due to one or more of these factors:-

1.1.1.1 depressed market conditions

1.1.1.2 obsolete or out of fashion products

1.1.1.3 poor quality products

1.1.1.4 poor marketing strategy

1.1.1.5 poor management of cash flow

1.1.1.6 over trading

1.1.1.7 over gearing

1.1.1.8 fraudulent management

1.1.1.9 stoppage due to strike, fire, etc.

1.1.2 Sudden and unresolved cash flow problem due to one or more of these factors:-

1.1.2.1 production, sales or business

stoppage due to plants breakdown,

strike, termination of licence,

etc.