

How do I become bankrupt?

Fact Sheet

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Overview

Bankruptcy is either initiated either voluntarily in circumstances where you are unable to pay your debts or where a creditor successfully applies to the Court for an order that you be made bankrupt.

Voluntary Bankruptcy

To apply for bankruptcy, you must either be present in Australia or have an Australian address or business interest.

In order to apply for bankruptcy you are required to complete a debtor's petition (application for bankruptcy) and complete a statement of affairs [AFSA-Debtor-Pack.pdf](#). If your application for bankruptcy is accepted by the Australian Financial Security Authority ('AFSA'), you will become bankrupt for three years and one day. If you do not nominate a registered trustee in bankruptcy to manage your bankrupt estate, it will be administered by AFSA.

There is no charge for applying for bankruptcy however if you chose to nominate a registered trustee, fees may be payable.

If you are contemplating declaring bankruptcy as an option and require temporary relief from creditors pursuing you for payment in order to obtain advice regarding your options, you may present an intention to present a debtor's petition. Prior to taking such a step you should obtain professional advice from us as there are some implications of which you should be aware.

Court Ordered Bankruptcy

Where a creditor is owed money they may apply to the Court for an order that you be made bankrupt. Prior to this occurring, you will usually have been personally served with court documents. Prior to the court hearing an application by a creditor for your bankruptcy, the option to apply for bankruptcy may remain available to you.

If your bankruptcy is ordered by the court, a trustee will be appointed at that time to administer your bankrupt estate, usually one nominated by the creditor applying for the bankruptcy order.

As with a voluntary bankruptcy, you will be required to complete and lodge a statement of affairs and the period of bankruptcy (three years and one day) will commence from that date.

For more information
on bankruptcy visit:
slaventorline.com.au