

Getting out of Bankruptcy Fact Sheet

Getting out of Bankruptcy Overview

Usually bankruptcy runs for a period of three years and one day, however if your circumstances allow it you may be able to have your bankruptcy annulled (canceled).



Payment of Your Debts in Full

The trustee has the ability to annul your bankruptcy if you are in a position to raise sufficient funds, usually with the assistance of family and/or friends, or if you become bankrupt as a result of a Court Order and have sufficient assets available.

This requires payment of all of your debts in full (including interest on creditors' debts where they are entitled to claim interest), government charges and the fees and expenses of the trustee.

Compromise Arrangement with Creditors

Also known as a composition, this involves the bankrupt, often with the assistance of the trustee, putting forward a proposal for consideration by creditors as an alternative to the bankruptcy running its full term. The proposal is usually funded by family and or friends and will generally provide for a superior return to creditors than what they may expect to receive on their debts if the bankruptcy were to continue.

Where a composition is proposed, the trustee is required to provide creditors with a report explaining the proposal including an opinion whether its acceptance is in the interests of creditors and to call a meeting of creditors to vote on whether to accept it.

In order for a composition proposal to be accepted and the bankruptcy annulled in this way, at least 50% of the creditors participating in the meeting representing in excess of 75% of the total dollar value of debts represented must be in favour of its acceptance.

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

