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“Insolvency Law Reform Part 1”

BACKGROUND

Practitioners would be aware that at present there are major reforms on the table to improve Australia’s Bankruptcy and Insolvency laws.

These reforms were scheduled to commence 1st March 2017, however the Minister for Revenue and Financial services has agreed to delay until 1st of September 2017 the component which predominately relates those key elements to the reforms (outside IP monitoring and review) i.e.

- Reducing the current default bankruptcy period from (3) three years to (1) one;
- Introducing a “Safe Harbour” for Directors from Liability for Insolvent trading and;
- Making “Ipso Facto” clauses unenforceable.

BANKRUPTCY REFORM (I.E. EXCLUSION PERIOD)

Currently a Bankrupt is precluded from being and Director during his / her (3) three year Bankruptcy period and is also subject to finance restrictions together with overseas travel.

It is proposed (and subject to no malfeasance) that the exclusion period be reduced to 1 year (not the Bankruptcy period) with the Trustee afforded the appropriate powers to extend if deemed relevant, however the bankrupt individual must continue to make Income Contributions during the (3) years if required.

These reforms are with the view to reducing the stigma of Bankruptcy and encouraging entrepreneurs to start again whilst still preserving the regulatory oversight to prevent abuse of the Bankruptcy process.

2016 IN HOUSE TRAINING

As always we at Chamberlains SBR are more than open to coming to your firm and running an in house session to your middle management and staff should you be interested in arranging a free session do not hesitate to contact us.

Chamberlains SBR, Chartered Accountants - Specialises in Personal & Corporate
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