



BANKRUPTCY (AMENDMENT) ACT 2015

Changes to the bankruptcy law under the Bankruptcy (Amendment) Act 2015 came into operation on 1st August 2016.

The amendments are intended to create a more rehabilitative regime for bankrupt individuals to provide greater certainty as to when they are eligible to be discharged and at the same time, ensure better utilisation of public funds. Simultaneously, it is also intended to deter and penalise those who refuse to cooperate and who try to conceal income or assets from creditors.

We are pleased to set forth herein a summary of the salient changes, as follows:

- The minimum amount of debt which must be owed before a person may be made a bankrupt will be increased from \$10,000 to \$15,000.
- Previously, the Official Assignee (OA) manages over 90% of bankruptcies in Singapore. Under the new framework, the burden has been now shifted to banks, financial institutions or business lenders who will now have to appoint a private trustee at their own cost when applying to make a debtor a bankrupt. This initiative is aimed at encouraging lenders to be more prudent when they are making loans. A private trustee in this instant will basically carry out such functions previously undertaken by the OA.
- There will be a new differentiated discharge framework which will provide for a timeline for debtors to exit bankruptcy. Under the new framework, a first-time bankrupt who pays his target contribution in full can be discharged as early as three years. His name will also be removed from public records, five years from the date of his discharge. Target contribution in this instant means the total amount he has to pay to the bankruptcy estate before he is eligible for discharge.
- Bankrupts who fail to meet their target contributions will not be eligible for discharge for at least 7 years and will have their names permanently kept on a publicly available register maintained by the OA, enabling prospective creditors to make informed decision when extending credit to such individuals.
- There will be a new expedited bankruptcy application process which allows a creditor to file a bankruptcy application before the expiry of the statutory demand (21 days after the statutory demand is served) if there is a serious possibility that the debtor's property, or the value of the debtor's property, will be significantly diminished.

For more information concerning this topic, please feel free to approach:

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