



Australian Government

Australian Financial Security Authority

Changes to bankruptcy law to provide temporary relief for Australians struggling with debt

27 March 2020

Recent changes to Commonwealth bankruptcy law will provide immediate relief to people facing bankruptcy due to the economic impacts of the Coronavirus.

On 25 March 2020, new measures came into effect to support individuals and businesses. The temporary debt relief measures include an increase to the:

- Minimum amount of debt that can trigger bankruptcy from \$5,000 to \$20,000
- Amount of time an individual has to respond to a Bankruptcy Notice from 21 days to six months
- Temporary debt protection – people who submit the Temporary debt protection form will have six months relief from creditors, an increase from 21 days

These temporary measures will be available for six months.

The Inspector-General of Bankruptcy and Chief Executive of the Australian Financial Security Authority (AFSA), Hamish McCormick, encouraged people to seek assistance if they were struggling to pay their debts.

"If you do find yourself in financial trouble, please seek assistance from a reputable source," Mr McCormick said.

"You can access advice from a practitioner registered with AFSA, or free support through the National Debt Helpline.

"AFSA can also advise you of your options, some of which have been changed recently to provide further temporary protection for individuals and small businesses during this difficult period.

"Australians can seek temporary protection against bankruptcy for up to six months by submitting the *Temporary debt protection* form available on the AFSA website. This process gives people six months to resolve their financial situation, before bankruptcy can be enforced.

"The threshold to make someone bankrupt has also increased from \$5,000 to \$20,000.

"While these formal mechanisms are in place to protect those who are struggling, I encourage people to contact their creditors in the first instance. Many large creditors have programs to support individuals and businesses."

For further information about the temporary debt protection available to Australians, visit afsa.gov.au/debtrelief.

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Media contact:

Please email media@afsa.gov.au or phone 0408 105 665.

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