

Bankruptcy and Overseas Travel

In Australia, after you are declared bankrupt, it is still possible to travel overseas during the period of your bankruptcy, provided that first you have obtained the written permission of your bankruptcy trustee to do so.

While this requirement may seem a bit daunting at first reading, in reality it need not be a serious impediment for you to do so, although in a media release dated 23/07/07 the government reported that prosecutions had been initiated where bankrupts had attempted to travel overseas without first obtaining permission from their bankruptcy trustee. No numbers were mentioned.

Overwhelmingly, over overwhelmingly the bankruptcy trustees seem to grant this permission provided that they are satisfied that the bankrupt is not trying to skip the country so as to avoid their responsibilities to the trustee in the administration of the bankruptcy.

Before permission will be granted you need to be able to meet any other current obligations to your bankruptcy trustee, particularly those that relate to any contributions that you are paying if your income is over the current Threshold Amounts. These will have to be paid advance before you go. To determine this your bankruptcy trustee will want to know the details of your current income.

The official government line is that you need to have legitimate reasons for the proposed travel, for example, that the travel is for compassionate reasons or is a condition of your employment. I've never heard of any person not being given permission to go on the grounds that the trip was for a holiday.

I advise bankrupts to contact their trustee, in writing, about a month to 6 weeks beforehand, advising where you wish to go, the dates that you wish to leave and will return, and for some reason best known to the people who make up these rules, who is paying the fare? If someone else is paying, your trustee will need a confirming letter from that person.

You will need to supply your trustee with an email address, telephone number and overseas contact address.

Then there's the big stick, and I wonder why they bother. The officials in charge also write that "breaching a travel condition imposed by your trustee is also an offence under the Bankruptcy Act, with the penalty for this being up to 12 months imprisonment."

In looking at media releases about bankruptcy prosecutions, I could find none reported in all 2007, and up to the end of September 2008 that related to bankrupts actually breaching travel conditions.