



December 2010

# Indexed Amounts

The Bankruptcy Act and Regulations contain a number of thresholds, limits and other amounts that are regularly indexed (changed in line with the Consumer Price Index or the base pension rate).

|  |                               |   |
|--|-------------------------------|---|
|  |                               |   |
| <p><b>Tools</b><br/>A bankrupt may keep tools used to earn an income, up to this limit.</p>  | \$3 400.00                    | s.116(2)(c)(1)  |
| <p><b>Vehicles</b><br/>A bankrupt may keep vehicles (cars or motorbikes) used mainly for transport up to this limit. The amount refers to the equity in the vehicles (the value of the vehicles less the sum owing under finance).</p>   | \$6 850.00                    | s.116(2)(ca)  |
| <i>Limits updated each financial year</i>  |                               |   |
| <p>Above this limit, a bankrupt must disclose their bankruptcy<sup>1</sup> when applying for, or buying goods and services on credit or by cheque. A trustee may lodge an objection if a bankrupt obtains credit over this limit without disclosing their bankruptcy.</p> <p><b>Warning</b><br/><b>It is a criminal offence if you are bankrupt or subject to a debt agreement to obtain or attempt to obtain credit in certain circumstances. Severe penalties apply to these offences.</b></p> | \$4 869.00                    | s.304A(g) and (j)<br>s.269<br>s.149D(1)(c)                                      |
| <i>Limit updated quarterly</i>   |                               |   |
| <p><b>Attendance</b><br/>A person who attends before the Official Receiver or authorised officer to give evidence/information is entitled to this allowance.</p>   | \$21.00                       | s.304A(1)(a) to (c)<br>s.77D  |
| <p><b>Advances</b><br/>Where a person is required to attend before the Official Receiver, the Official Receiver must offer the following advances on allowances and reimbursement of expenses before a person begins travelling by:</p> <ul style="list-style-type: none"> <li>• aircraft</li> <li>• private motor vehicle</li> <li>• other</li> </ul>   | \$21.00<br>\$21.00<br>\$10.00 | s.77C(1)<br>s.77E(2)<br>s.77E(3)<br>s.304A(1)(d) and (e)<br>s.77E(4)(a) and (b) |
| <i>Limits updated quarterly</i>  |                               |   |
| <p><b>Unsecured Debts and Assets</b><br/>A person cannot propose a Debt Agreement if their unsecured debts are more than this limit.<br/>A person cannot propose a Debt Agreement if their divisible property is more than this limit.</p>   | \$90 326.60                   | s.185C(4)(b) and (c)  |
| <p><b>Income level</b><br/>A person cannot propose a debt agreement if their after tax income for the year is more than this limit.</p>  | \$67 744.95                   | s.185C(4)(d)  |

Limits updated twice a year: 20 March and 20 September

<sup>1</sup> This extends to debtors in debt agreements that commence on or after 1 December 2010

Indexed Amounts: Fact Sheet

| <p><b>Registered Trustee Minimum Fee Entitlement<sup>2</sup></b><br/>Trustees are paid for administering a bankruptcy. They may recover this minimum fee if they do not receive enough from the sale of bankrupt's assets or income contributions.</p>  | \$1 604              | s.304A(1)(i)<br>s.161B(1) |   |             |   |             |   |             |   |             |   |             |        |             |  |        |
|---|----------------------|---------------------------|---|-------------|---|-------------|---|-------------|---|-------------|---|-------------|--------|-------------|--|--------|
| <i>Limits updated quarterly</i>   |                      |                           |   |             |   |             |   |             |   |             |   |             |        |             |  |        |
| <p><b>Extent of Priority for Employee Amounts</b><br/>If an employee is owed money by a bankrupt, they are entitled to receive payment of any dividends issued in preference to those issued to other unsecured creditors, up to this limit.</p>  | \$4 000              | s.109(1)(e)               |   |             |   |             |   |             |   |             |   |             |        |             |  |        |
| <i>Limit updated each financial year</i>  |                      |                           |   |             |   |             |   |             |   |             |   |             |        |             |  |        |
|   |                      |                           |   |             |   |             |   |             |   |             |   |             |        |             |  |        |
| <p><b>Base Income Threshold Amount (BITA) No dependants</b><br/>Used when calculating a bankrupt's income contributions.</p>  | \$45 163.30          | s.139K                    |   |             |   |             |   |             |   |             |   |             |        |             |  |        |
| <p><b>Actual Income Threshold Amount (AITA) With dependants</b><br/>Used when calculating a bankrupt's income contributions which vary according to the number of dependants</p> <table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Number of Dependants</th> <th style="text-align: left;">Income Limit</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>\$45 163.30</td> </tr> <tr> <td>1</td> <td>\$53 292.69</td> </tr> <tr> <td>2</td> <td>\$57 357.39</td> </tr> <tr> <td>3</td> <td>\$59 615.56</td> </tr> <tr> <td>4</td> <td>\$60 518.82</td> </tr> <tr> <td>over 4</td> <td>\$61 422.09</td> </tr> </tbody> </table> | Number of Dependants | Income Limit              | 0 | \$45 163.30 | 1 | \$53 292.69 | 2 | \$57 357.39 | 3 | \$59 615.56 | 4 | \$60 518.82 | over 4 | \$61 422.09 |  | s.139K |
| Number of Dependants  | Income Limit         |                           |   |             |   |             |   |             |   |             |   |             |        |             |  |        |
| 0   | \$45 163.30          |                           |   |             |   |             |   |             |   |             |   |             |        |             |  |        |
| 1   | \$53 292.69          |                           |   |             |   |             |   |             |   |             |   |             |        |             |  |        |
| 2   | \$57 357.39          |                           |   |             |   |             |   |             |   |             |   |             |        |             |  |        |
| 3   | \$59 615.56          |                           |   |             |   |             |   |             |   |             |   |             |        |             |  |        |
| 4   | \$60 518.82          |                           |   |             |   |             |   |             |   |             |   |             |        |             |  |        |
| over 4  | \$61 422.09          |                           |   |             |   |             |   |             |   |             |   |             |        |             |  |        |
| <i>Limit updated twice a year: 20 March and 20 September</i>  |                      |                           |   |             |   |             |   |             |   |             |   |             |        |             |  |        |
|   |                      |                           |   |             |   |             |   |             |   |             |   |             |        |             |  |        |
| <p><b>Amount a person can earn and still remain a "Dependant"</b><br/>A dependant is allowed to earn an income up to this limit during the contribution assessment period. They will still be considered a dependant for the purpose of calculating a bankrupt's income contribution liability.</p>   | \$3 071.00           | s.139K                    |   |             |   |             |   |             |   |             |   |             |        |             |  |        |
| <i>Limits updated quarterly</i>   |                      |                           |   |             |   |             |   |             |   |             |   |             |        |             |  |        |
|   |                      |                           |   |             |   |             |   |             |   |             |   |             |        |             |  |        |
| <p>This is the minimum judgement amount upon which a bankruptcy notice can be based.</p>  | \$5 000.00           | s.41                      |   |             |   |             |   |             |   |             |   |             |        |             |  |        |
| <i>The minimum judgement amount is set by the Bankruptcy Act and is not indexed</i>   |                      |                           |   |             |   |             |   |             |   |             |   |             |        |             |  |        |

<sup>2</sup> This only applies to bankruptcies that commenced prior to 1 December 2010. For bankruptcies that commenced after 1 December 2010 see the statutory minimum set out in s161B.