

NEWSLETTER

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News Regarding Changes to Insolvency Act

DRN is gearing up its insolvency department to prepare for an expected spike in bankruptcy processing due to the more stringent requirement changes to the Bankruptcy and Insolvency Act (BIA). Bill C-12, was passed by Parliament and received Royal Assent on December 14, 2007, however has not yet come into law.

The amendment of the act now requires first time bankrupts to contribute any surplus income to their estate for 21 months and second-time bankrupts contribute for 36 months.

While the act is getting more stringent for common consumer debt those bankrupts with Student Loans on the books will get a bit of a break now that the waiting period before which a student loan may be discharged is reduced from 10 years to 7 years. As well, the period before which an application may be made to court to request a discharge on the basis of hardship is reduced from 10 years to 5 years.

Canadian Bankruptcies and Proposals, 1990-2007.

Source: Industry Canada.

