

KNOW WHAT LIMITS AND OBLIGATIONS COME WITH BECOMING A BANKRUPT The Sunday Times – 23 January 2005

ANYONE - especially a young adult - can rebuild his life and finances after bankruptcy, but he must first go through testing times. Job loss is sometimes the first and most painful challenge.

Lawyer **Vijai Parwani** recalls: 'A former policeman client told me that he would be asked to resign immediately from the force should a bankruptcy order be made against him.'

There are numerous restrictions placed on where bankrupts can work. People working in the finance sector such as remisiers, insurance agents, financial advisers are required to renew their licences every year. The relevant authority may refuse a bankrupt's application for renewal. Some professionals such as lawyers, accountants and architects cannot continue to practise once they become bankrupts, says **Mr Parwani**.

He adds that a law practice must seek the consent of the court to employ anyone who is bankrupt, even a clerk. In addition, some private companies state in their employment contracts that an employee must resign if he is declared a bankrupt. Numerous professions and statutory boards stipulate that a bankrupt cannot hold office in their councils. Examples: doctors, engineers, trade unions, the National Arts Council, and even the National Parks Board.

On being made a bankrupt, a person stands to lose household items bought under hire-purchase agreements, such as vehicles and computers, as the vendors are likely to repossess the items.

Bankrupts cannot travel out of Singapore without the Official Assignee's (OA) permission. Otherwise, they can be jailed for up to two years or fined up to \$10,000, or both.

If they receive a bonus at year-end, this money has to be declared to the OA, who may decide that at least part of it should go towards repaying creditors. In fact, all income earned has to be declared to the OA.

It is an offence for undischarged bankrupts to obtain credit of \$500 or more either alone or jointly with another person, without revealing that they are undischarged bankrupts. Any transgression is punishable with a fine of up to \$10,000 or a jail term of up to three years, or both.

Finally, contrary to what some people think, there is no automatic lifting of bankruptcy. There are people who have remained bankrupt for a decade or more, and dissatisfied creditors have objected to a bankrupt's impending discharge.

Discharged bankrupts will find that the bankruptcy stays on their credit reports at the Credit Bureau for six years. This information will be given to banks if they apply for a credit facility or a credit card after their discharge. For a number of years, banks are likely to refuse such applications.