

Legally speaking...

Did you know?

November 2008

Subject: Credit, Debt & Consumer Information

BANKRUPTCY (2) - FILING FOR BANKRUPTCY

Bankruptcy in Canada is governed by the federal Bankruptcy and Insolvency Act (BIA). The BIA is administered by the Office of the Superintendent of Bankruptcy Canada. Bankruptcy is a final and last resort for resolving payments of debts. It is not a short-term solution for someone who is temporarily unemployed and not able to pay the bills.

What does it mean to file for bankruptcy?

When you file for bankruptcy, it means that you give up most of your assets in exchange for having your debts wiped out. What this means is that your assets are sold and the money is given to people to whom you owe money.

Will all my debts be wiped out when I file for bankruptcy?

It is important to know that not all debts can be wiped out when you file or declare bankruptcy. Refer to fact sheet "Bankruptcy (1)" for detailed information on what assets can be kept and what debts cannot be wiped out by going through bankruptcy.

How do I file for bankruptcy?

If a person is unable to meet his/her debt obligations, then he/she said to be insolvent.

In order to start the process of filing for bankruptcy, you need to get the assistance of a trustee. If you think you are in trouble financially, your first step is to find a trustee who will determine if you are, in fact, insolvent.

How long does the process take?

The general time it takes for someone to file for bankruptcy and go through it for the first time is nine months.

Are there costs involved?

There are costs involved. Sometimes, it may be difficult to pay for these costs. The starting fee generally is around \$1,350 plus GST and counseling fees. You must pay the trustee this fee. Usually, a trustee wants you to pay most or all of the fees before starting the bankruptcy.

For More Information

Bankruptcy Trustees

The names of trustees in your area are usually listed in the telephone book under "Bankruptcy" or "Trustee" or provincial government services.

Refer to fact sheets:

Bankruptcy (1) - General Information and
Bankruptcy (3) - Credit After a Bankruptcy



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