

How does liquidation affect the business and employees?

✓ What you need to know

Your employer going into liquidation can have serious implications for you. The company's business will be dealt with by a liquidator who will need to decide how to handle the business and its assets for the benefit of the company's creditors.

The liquidator takes an interest in assets subject to existing security interests and will contact those creditors.

Where the liquidator decides against trading, your employment will be terminated and you will be given a Claim Form for any salary, wages, holiday pay and/or redundancy you may be owed. Your claim will be a debt in the liquidation.

As an employee, your claim for unpaid salary or wages and holiday pay is preferential. This means it ranks ahead of unsecured creditors and will, where there are funds, be paid ahead of those as well as Inland Revenue's preferential claim.

What information do I need to provide when I file a claim?

You will need to provide evidence of amounts owed in unpaid salary, wages, holiday pay and redundancy (for example, employment contract and/or a copy of the business' wage book). It is likely the liquidator will uplift the business records including the wage books so contact the liquidator for assistance. If documentary evidence cannot be provided you might not be able to share in payments.

What if I need some emergency financial assistance?

Emergency financial assistance may be available from [Work and Income New Zealand \(WINZ\)](#), your local City Mission or food bank. WINZ can provide food vouchers to help with immediate needs for you and your family.

▶▶ Further information

See the [Creditor information](#) section for further information and to learn how to file a claim online if the liquidator is the Official Assignee. If you wish to complete a physical Proof of Debt form, see the [Forms section](#) or contact the liquidator direct.