

## **How does bankruptcy affect a business & employees?**

### **What you need to know**

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

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

Where the bankrupt decides against trading the bankrupt's business 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 bankruptcy.

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 (e.g. employment contract and/or a copy of the bankrupt's wage book). It is likely the Official Assignee will uplift the bankrupt's records including the wage books so you should contact the Official Assignee 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, your local City Mission or food bank. WINZ can provide food vouchers to help with immediate needs for you and your family.

See the [Creditor information](#) section for further information and to learn [how to file a claim online](#). If you wish to complete a physical claim form, [see the Forms section](#).