

Does bankruptcy affect Australian visa applications and/or citizenship?¹

The answer depends on the type of visa a bankrupt applies for.

While all visa applications enquire into the applicant's general character, as bankruptcy does not affect visa eligibility it is not a criminal offence. Therefore, in most cases, people applying for non business-related visas such as family visas or employer sponsored visas should be unaffected by the status of bankruptcy. The same applies to citizenship applications, which also assess applicants on good character, a criterion primarily related to criminal convictions.

Bankruptcy also does not limit someone from becoming a sponsor for a spousal or partner visa.

Bankruptcy becomes a factor when a person applies for entry to Australia via a business visa. In these cases, the Department of Home Affairs (formerly the Department of Immigration and Citizenship) looks at an applicant's previous business experience in Australia, and will not consider this criterion satisfied if:

- The applicant has been declared bankrupt in the last five years (which is permanently recorded on the National Personal Insolvency Index (NPII)).
- The applicant has previously or currently is actively involved in a business or held a leadership/management position in a business that has experienced or is experiencing insolvency.
- The business has suffered recent trading losses and the business is considered unlikely to be successful in the long term because of the applicant involvement or decision-making in the business.

The above is qualified by decision makers taking the following into account:

- The applicant's business history following bankruptcy.
- Their level of decision-making in any insolvent entities.
- Whether they have entered into numerous bankruptcies or been involved with multiple insolvent entities.
- If there were any external, mitigating factors affecting liquidity that were outside the applicant's control.

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¹ Worrells Solvency & Forensic Accountants, Nick Malanos 7 April 2018

VATANDOUST

Level 23, 52 Martin Place, Sydney NSW 2000 Telephone +61 2 9220 5138 | Facsimile +61 2 9220 5001

Email mail@vatandoust.com.au | Web www.vatandoust.com.au

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