



# Insolvency Act 1994

## 1994 CHAPTER 7

### **2 Administrative receivers: extent of personal liability on adopted contracts of employment.**

- (1) Section 44 of the <sup>M1</sup>Insolvency Act 1986 (personal liability of administrative receiver for certain contracts) shall be amended as provided by subsections (2) and (3) below.
- (2) In subsection (1)(b) (liability for contracts of employment adopted in carrying out his functions) after “provides) and” there shall be inserted “, to the extent of any qualifying liability, ”.
- (3) After subsection (2) there shall be inserted—
  - “(2A) For the purposes of subsection (1)(b), a liability under a contract of employment is a qualifying liability if—
    - (a) it is a liability to pay a sum by way of wages or salary or contribution to an occupational pension scheme,
    - (b) it is incurred while the administrative receiver is in office, and
    - (c) it is in respect of services rendered wholly or partly after the adoption of the contract.
  - (2B) Where a sum payable in respect of a liability which is a qualifying liability for the purposes of subsection (1)(b) is payable in respect of services rendered partly before and partly after the adoption of the contract, liability under subsection (1)(b) shall only extend to so much of the sum as is payable in respect of services rendered after the adoption of the contract.
  - (2C) For the purposes of subsections (2A) and (2B)—
    - (a) wages or salary payable in respect of a period of holiday or absence from work through sickness or other good cause are deemed to be wages or (as the case may be) salary in respect of services rendered in that period, and
    - (b) a sum payable in lieu of holiday is deemed to be wages or (as the case may be) salary in respect of services rendered in the period by reference to which the holiday entitlement arose.

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**Changes to legislation:** There are currently no known outstanding effects for the Insolvency Act 1994, Section 2. (See end of Document for details)

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(2D) In subsection (2C)(a), the reference to wages or salary payable in respect of a period of holiday includes any sums which, if they had been paid, would have been treated for the purposes of the enactments relating to social security as earnings in respect of that period.”

(4) This section shall have effect in relation to contracts of employment adopted on or after 15th March 1994.

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**Marginal Citations**

**M1** 1986 c. 45.

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