



Insolvency Act 1986

1986 CHAPTER 45

PART IX

BANKRUPTCY

CHAPTER IV

ADMINISTRATION BY TRUSTEE

Distribution of bankrupt's estate

323 Mutual credit and set-off.

- (1) This section applies where before the commencement of the bankruptcy there have been mutual credits, mutual debts or other mutual dealings between the bankruptcy and any creditor of the bankrupt proving or claiming to prove for a bankruptcy debt.
- (2) An account shall be taken of what is due from each party to the other in respect of the mutual dealings and the sums due from one party shall be set off against the sums due from the other.
- (3) Sums due from the bankrupt to another party shall not be included in the account taken under subsection (2) if that other party had notice at the time they became due that a bankruptcy petition relating to the bankrupt was pending.
- (4) Only the balance (if any) of the account taken under subsection (2) is provable as a bankruptcy debt or, as the case may be, to be paid to the trustee as part of the bankrupt's estate.

Modifications etc. (not altering text)

C1 S.323 applied with modifications by S.I. 1986/1999, art. 3, Sch. 1 Pt. II

Status: Point in time view as at 15/09/2003. This version of this provision has been superseded.

Changes to legislation: Insolvency Act 1986, Section 323 is up to date with all changes known to be in force on or before 16 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

C2 S. 323 modified (25.4.1991) by Companies Act 1989 (c. 40), **ss. 154, 155, 163(2)(b), 182(4)**, Sch. 22 para. 6(2)(b); S.I. 1991/878, art. 2, **Sch.**

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