



Bankruptcy Tips for Business

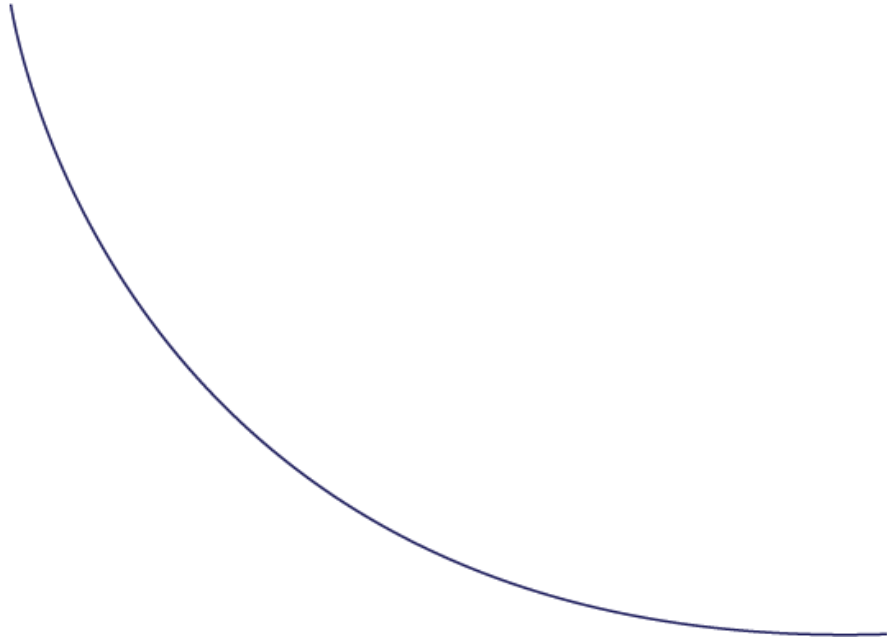
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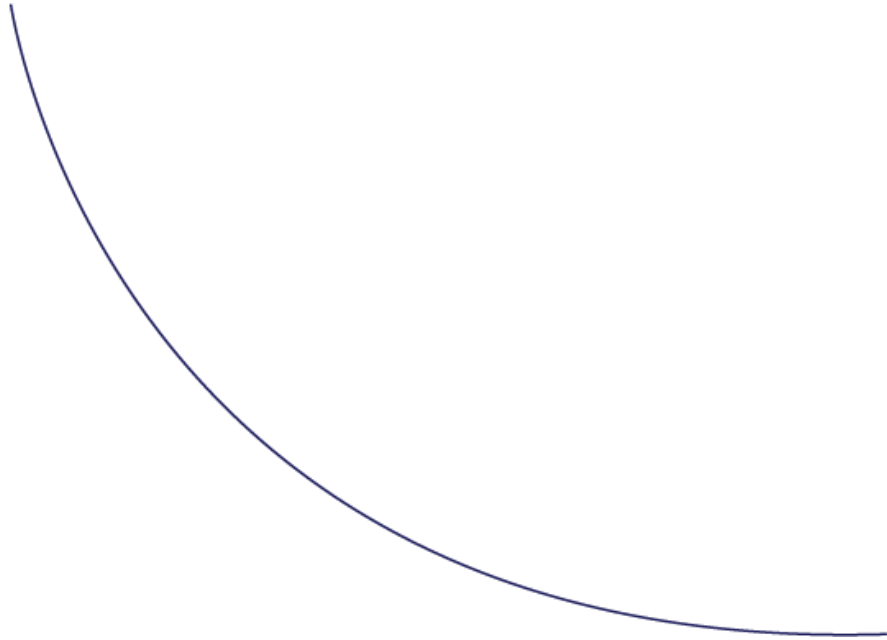
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Distinction between temporary and permanent payment difficulties



- No definition for temporary payment difficulties
- Definition for permanent payment difficulties described in the Estonian Bankruptcy Act
- Permanent payment difficulties mean that the company is insolvent
- Bankruptcy means the insolvency of a debtor declared by a court ruling

Distinction between temporary and permanent payment difficulties



- When is a company insolvent?
- (I) unable to satisfy the claims of the creditors and such inability, due to the debtor's financial situation, is not temporary
- (II) the assets of the debtor are insufficient for covering the obligations thereof and, due to the debtor's financial situation, such insufficiency is not temporary

Consequences of (permanent) insolvency

- Obligation to file for bankruptcy
- Opening bankruptcy proceedings
- Liability of management board
- Investigation of the transactions of the company
- Transfer of enterprise
- Liquidation of the Company



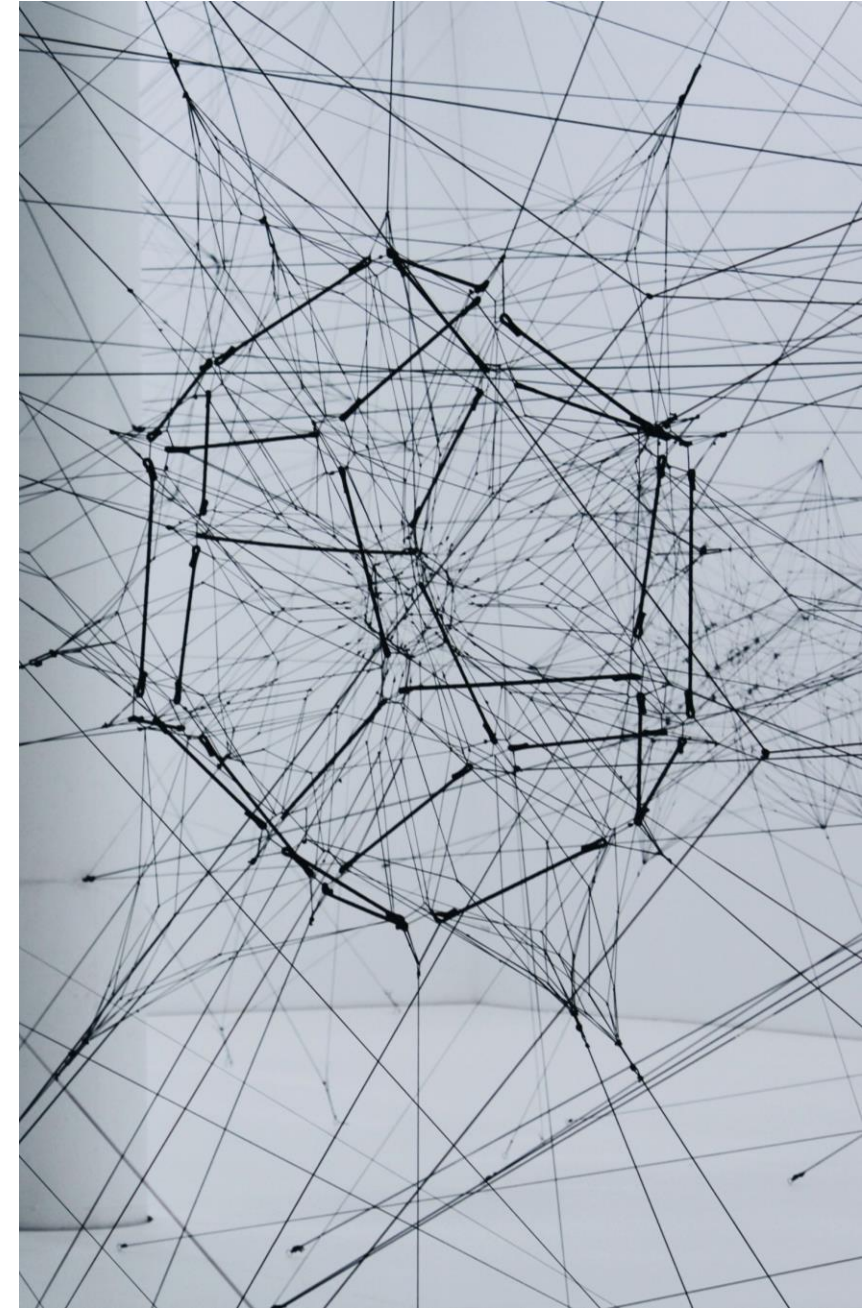


Distinction between temporary and permanent payment difficulties

- Temporary insolvency:
 - Out of court settlements
 - Commencing reorganisation proceedings

Reorganisation – for whom and what is the point?

- A set of measures in order for an enterprise to overcome economic difficulties, to restore its liquidity, improve its profitability and ensure its sustainable management
- Essential is the cooperation with creditors and the reorganisation advisor
- Possible to transform claims, including tax claims
- Enforcement proceedings halt
- Calculation of interest and contractual penalties stop
- Not possible to commence bankruptcy proceedings

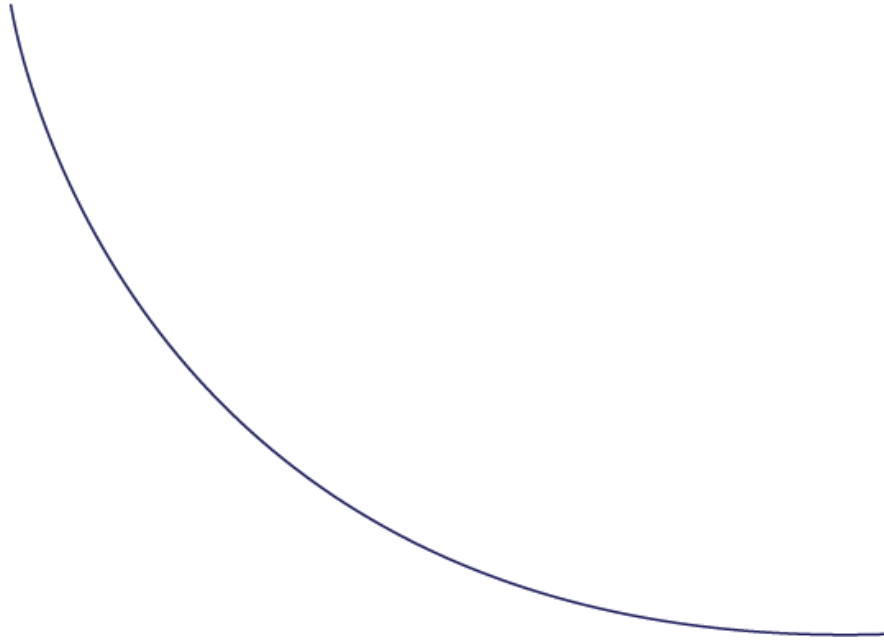




Stages of reorganisation proceedings

- File for reorganisation proceedings
- Opening of reorganisation proceedings not later than in 7 days
- 60 days to present the court a reorganisation plan and to get the support of creditors
- Enforcing the reorganisation plan

Impact of the Corona crisis



- The debtor has no obligation to file for bankruptcy during the emergency situation as well as during the two months after the emergency situation
- Other management board obligations stay in force
- Creditor retains the right to file for bankruptcy of the debtor

Questions from participants

- Am I able to just re-organise one type of debt (since we would not want to include Swedbank debt) ?
- As we have 2/3 does this require voting by all creditors?
- What is process time approx. on this and cost of this?



Estonia

Lithuania

Latvia

Belarus

Thank You!

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