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Estonia: Rescue procedures in insolvency

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Estonia

Phase:

Management

Type:

Rescue procedures in insolvency

Last modified: 09 July, 2021

Native name: Saneerimisseadus

English name: Reorganisation act

Article

whole law

Description

The Estonian legal framework for insolvency envisages two options: liquidation or reorganisation. A debtor may file for both liquidation and reorganisation while a creditor for liquidation only.

The reorganisation act regulates the reorganisation proceedings for enterprises aiming at protecting the interest and the rights of the creditors of the company and of third parties in the course enterprise's reorganisation.

Reorganisation can occur if:

- the company is likely to become insolvent in the future;
- the enterprise requires reorganisation;
- the sustainable management of the enterprise is likely after the reorganisation.

The court shall commence reorganisation proceedings by a ruling within seven days after the receipt of the reorganisation application. The ruling must contain:

- information on the person who has been designated as a reorganisation adviser;
- the deadline for the acceptance of the reorganisation plan;
- the deadline by which the reorganisation plan must be submitted to the court for approval;
- the amount which the company must pay to cover the remuneration of and expenses relating to the reorganisation adviser as a deposit to the account prescribed for that purpose;
- the date by which the company must pay the amount specified in clause 4).

The court also appoints a reorganisation adviser. The duty of a reorganisation adviser is to inform the obligees and the court of the economic situation and reorganisation possibilities of the enterprise in an impartial and competent manner, to advise and assist the company in the course of reorganisation proceedings and to verify the lawfulness of the claims of the creditors and the purposefulness of the transactions of the company.

Reorganisation proceedings stop upon revocation of the reorganisation plan, implementation of the reorganisation plan before the due date or upon expiry of the term for implementation of the reorganisation plan which is set out in the reorganisation plan.

Comments

In 2020, 341 companies went bankrupt (0.15% of all the registered companies), and in 2019 the number was 271. 273 companies went bankrupt in 2018, of which 260 were private companies and 13 were joint-stock corporations. In 2017, 343 businesses filed for insolvency.

Cost covered by

Not applicable

Involved actors other than national government

Other





Involvement others

Court

Thresholds

No, applicable in all circumstances

Sources

-  [Resolving insolvency in Estonia](#)
-  [Source in Estonian: Saneerimisseadus](#)
-  [Source in English: Reorganisation act](#)
-  [Creditinfo \(2018\). Pankrotid Eestis - Paneeluuring](#)
-  [Number of bankruptcies in 2020](#)

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