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Factsheet for case LV-2020-14/651

Measures regarding insolvency and legal protection processes

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Country	Latvia, applies nationwide
Time period	Open ended, started on 03 April 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Rescue procedures in case of insolvency or adaptation of insolvency regulation
Case created	15 April 2020 (updated 30 April 2020)

Background information

The Ministry of Justice has prepared and the Parliament has approved changes in insolvency procedures and legal protection process procedures - a form of arrangement with creditors - to be used during state emergency period caused by spread of COVID-19.

Measures are established by the law “On Measures for the Prevention and Suppression of Threat to the State and Its Consequences Due to the Spread of COVID-19” (adopted on 20 March 2020, valid from 22 March 2020).

Content of measure

Up to 1 September 2020, creditors are prohibited from submitting an application for insolvency proceedings of a legal person if any of the characteristics of the insolvency listed in Section 57, Paragraph one, Clauses 1, 2, 3 or 4 of the Insolvency Law is in place.

Such characteristics for example are: i) the debtor has not paid an employee the work remuneration in full within two month period; ii) the debtor (company) has not paid debt larger than EUR 4,268 and it has not responded to creditors within three weeks.

A court, during the emergency period and six months after the end of it, following a substantiated application by the debtor, will be able to decide on the transfer of the deadline of the payment to the creditor included in the rescue plan during the insolvency proceedings, thus extending the term of the procedure for extinguishing the liabilities.

The rights to participate and vote in creditors' meetings remotely using electronic means of communication, as well as to vote in writing are introduced.

Time limit for the implementation of the legal protection process has been extended from 2 years to 4 years. In cases where the period for the implementation of the legal protection process has already been extended previously and because of COVID-19 crisis, and the debtor can not fulfill the measures of the plan, the period for the implementation may be extended by one year, if the creditors agree to it.

Use of measure

No information up to date

Actors, target groups and funding

Actors	Target groups	Funding
National government	All companies	No special funding required

Social partners

Role of social partners	Consulted
Form of involvement	Direct consultation

As far as we know social partners participate in discussions on measures for the prevention and suppression the spread of COVID-19 and on crisis impact on economy. However specific opinions of social partners are not published.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 08 April 2020: Būtiskākās tiesiskā regulējuma izmaiņas civiltiesību jomā sakarā ar Covid-19 izplatību (tm.gov.lv)
- 09 April 2020: Law On Measures for the Prevention and Suppression of Threat to the State and Its Consequences Due to the Spread of COVID-19 (likumi.lv)