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Factsheet for case SI-2020-11/481

Deferred compulsory settlement or bankruptcy and other measure

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Country	Slovenia, applies nationwide
Time period	Temporary, 13 March 2020 - 30 August 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	11 April 2020 (updated 13 April 2020)

Background Information

'Intervention measures to mitigate the effects of the SARS-CoV-2 (COVID-19) infectious disease epidemic on citizens and the economy Act' (ZIUZEOP, adopted on 2 April 2020) introduce some changes in insolvency proceedings and compulsory dissolution. The measure aims at protecting companies from bankruptcies due to negative consequences of the epidemic. Management can abstain from the duty to start the compulsory settlement or bankruptcy if the company became insolvent because of the epidemic. Other changes tackle compensation of unpaid wages from the Guarantee Fund, personal bankruptcy procedures, and enforcements

Content of measure

Deferred compulsory settlement or bankruptcy means that management is not obliged to start this procedure during the period of epidemic and three succeeding months. Management can abstain from the duty if the company becomes insolvent due to the state, ministry or local authority's ban on production or trade. On the other hand, the law protects some workers' rights. A company that will get workers' wages reimbursed must transfer them to workers within one month at the latest. If not, it is presumed no longer solvent in compulsory settlement or bankruptcy procedure.

Workers can then also get easier access to the funds of the Public Scholarship, Development, Disability and Maintenance Fund of the Republic of Slovenia (Guarantee Fund) for unpaid wages in the last three months, unpaid sick leave, annual holidays or severance payment. Employees fulfil the condition for acquiring rights if

they prove that an application has been filed against the employer for the initiation of a bankruptcy proceeding (and not the final decision to initiate bankruptcy proceeding).

As for personal bankruptcy and enforcements, the law stipulates that payments under emergency regulation are not the object of personal bankruptcy and enforcement. For the time of the epidemic, enforcements are temporarily postponed.

Use of measure

Emergency regulation on insolvency curbs the risks of bankruptcies on the one hand, while protects the interests of workers on the other. The exemption of payments under emergency regulation from bankruptcy estate protects persons in the personal bankruptcy procedure

Actors, target groups and funding

Actors	Target groups	Funding
Company / Companies	All companies	No special funding required

Social partners

Role of social partners	Consulted
Form of involvement	Other

Social partners proposed changes to the law proposal.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 10 April 2020: Zakon o interventnih ukrepih za zaježitev epidemije COVID-19 in omilitv njenih posledic za državljane in gospodarstvo (ZIUZEOP) [Intervention measures to mitigate the effects of the SARS-CoV-2 (COVID-19) infectious disease epidemic on citizens and the economy Act (ZIUZEOP),], Official Gazette RS, no. 49, 2020 (www.pisrs.si)