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Factsheet for case SI-2020-11/481

Deferred compulsory settlement or bankruptcy and other measures

Factsheet generated on 07 May 2020, 22:07

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 04 May 2020)

Background information

The '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), introduces some changes in insolvency proceedings and compulsory dissolution. The measure aims at protecting companies from bankruptcies due to negative consequences of the epidemic. The 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 enforcement proceedings.

Content of measure

Deferred compulsory settlement or bankruptcy means that management is not obliged to start this procedure during the period of epidemic and the three succeeding months. The 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 reinforces some workers' rights.

When a company gets workers' wages reimbursed it must transfer them to employees 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 fulfill 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).

Finally, for the time of the epidemic, enforcement proceedings 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
National government	All companies	No special funding required

Social partners

Role of social partners	Consulted
Form of involvement	Other

Trade unions and employer organizations have submitted proposals to the law.

Employers' organizations had no remarks or proposal linked to this measure.

Trade unions expressed their concerns that employer can defer bankruptcy procedure for four months, although it does not pay salaries and social security contributions during this period. Their proposal, anyway, were not accepted

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 30 March 2020: The positions of the representative trade union confederation (www.zsss.si)
- 30 March 2020: The Chamber of Commerce and Industry of Slovenia, Amendment (www.gzs.si)
- 31 March 2020: Association of Employers of Slovenia, Proposals for amendment (www.zds.si)

- 31 March 2020: The Chamber of Craft and Small Business of Slovenia, The right direction, but the law needs some change (www.ozs.si)
- 10 April 2020: 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 (Zakon o interventnih ukrepih za zajezitev epidemije COVID-19 in omilitev njenih posledic za državljane in gospodarstvo (ZIUZEOP)) (www.pisrs.si)