

## **INSOL Europe/LexisNexis coronavirus (COVID-19) Tracker of Insolvency Reforms—Latvia**

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**Restructuring & Insolvency analysis: We look at the reforms to the insolvency law of Latvia prompted by the coronavirus (COVID-19) pandemic. Written by Edvīns Draba of Sorainen, member of INSOL Europe.**

On 22 March 2020, the law 'On the threat to the state related to the spreading of coronavirus and the measures for the prevention and remedying of its consequences' ([COVID-19 Law](#)) came into force. The purpose of the COVID-19 Law is to determine measures for the prevention and suppression of threat to the state and its consequences, special support mechanisms as well as expenditures which are directly related to the containment of the spread of coronavirus. The COVID-19 Law has since been amended on 3 April 2020 and 23 April 2020.

### **Prohibition on submitting insolvency applications against debtors**

Pursuant to the COVID-19 Law, any creditor (including an employee or a tax administration) is precluded from submitting an insolvency application against their debtor (legal person), until 1 September 2020. The said moratorium applies to any creditor-debtor relationship, hence, it is not limited to any industry or to debtors facing financial difficulties specifically due to the coronavirus outbreak. These norms have entered into force retroactively, since the announcement of the state of emergency (12 March 2020).

### **Possibility of filing for insolvency and restructuring electronically and holding remote creditors' meetings**

During the emergency situation related to the spread of coronavirus (as of 30 April 2020, the emergency situation is due to end on 12 May 2020, unless extended further), an application for legal protection proceedings (tiesiskās aizsardzības process), insolvency proceedings of a legal person, and insolvency proceedings of a natural person may be submitted electronically by signing it with an electronic signature.

Creditors' meetings can be held remotely both in the insolvency and legal protection proceedings, with the creditors participating and voting in the meeting through electronic means. Alternatively, a creditors' meeting can be organised by creditors submitting their votes in writing prior to the date of the creditors' meeting.

The relevant amendments to the COVID-19 Law adopted on 3 April law entered into force on 5 April 2020.

### **Extended terms in restructuring proceedings**

During the emergency situation related to the spread of coronavirus and for six months after the end thereof in cases where an application for approval of the plan of measures of legal protection proceedings or for amending of the plan of measures of legal protection proceedings has been submitted to the court, the length of the legal protection proceedings may be set up to four years (as opposed to the pre-emergency maximum term of two years, with the possibility of further extension for two years).

If the time period for the implementation of legal protection proceedings has already been extended and adverse effects which have arisen due to the spread of coronavirus prevent a debtor from implementing the plan of measures of legal protection proceedings, during the emergency situation related to the spread of coronavirus the time period for the implementation of legal protection proceedings may be further extended by another year, if the required majority of the creditors agrees to that.

The relevant amendments to the COVID-19 Law adopted on 3 April 2020 law entered into force on 5 April 2020.

## Organisation of court proceedings

On 12 March 2020, the Cabinet of Ministers issued Order No. 103 '[Regarding Declaration of the Emergency Situation](#)', pursuant to which, inter alia, the Cabinet has empowered the Chief Justice of the Supreme Court to set forth the conditions and order in which court hearings scheduled during the emergency situation can be postponed and oral pleadings can be restricted. In accordance with the [announcement](#) made by the Chief Justice on 16 March 2020, most of the court proceedings which are organised with parties present (as opposed to written proceedings) have been postponed until after the end of the state of emergency. The exceptions are the cases concerning significant detriment to persons' rights.

Also, [guidelines](#) have been adopted on organising court proceedings during the emergency situation. Pursuant to the said guidelines, in urgent cases court hearings must be conducted via video-conferencing facilities. If, however, the court hearing is conducted with the participants taking part in the court hearing in person, special precautionary measures must be taken, including as regards ensuring the distance between the participants.

All cases organised in written proceedings continue as scheduled.

## INSOL Europe/LexisNexis Coronavirus Tracker of Insolvency Reforms

A tracker of insolvency reforms globally produced by Lexis Nexis in partnership with INSOL Europe is now available—see Practice Note: [Coronavirus \(COVID-19\) Tracker of insolvency reforms globally](#).



We look at various countries worldwide which are expediting reforms to their restructuring and insolvency laws, temporarily suspending onerous insolvency law provisions, increasing limits for statutory demands, suspending enforcement powers and introducing other measures to deal with the coronavirus crisis. As the situation is rapidly evolving with more countries adding new measures daily, you should contact local lawyers in the relevant jurisdiction to check the current measures in force.