

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

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**Restructuring & Insolvency analysis: we look at the reforms to the insolvency law of Estonia prompted by the coronavirus (COVID-19) pandemic. Written by Signe Viimsalu of SiGN9 O<sub>u</sub>, Tallinn, Estonia. Member of INSOL Europe.**

### **Proposed reforms to insolvency law**

The Estonian legislator has adopted multiple laws related to the COVID-19 situation and there is one amendment to the Estonian Bankruptcy Act which is directly linked to insolvency law, in force retrospectively from 12 March 2020 when the extraordinary situation in Estonia was declared.

The Estonian Bankruptcy Act has been amended as follows—new paragraph added § 193 secunda:

‘Suspension of deadlines about the obligation to submit a bankruptcy declaration / insolvency application (by the debtor) and about deadlines stipulated in §§ 110–114 of the Bankruptcy Act during the extraordinary situation since 12 March 2020

(i) If the law stipulates the obligation to submit a bankruptcy declaration/insolvency application, this deadline is suspended/postponed during the extraordinary situation and ends two months after termination of the extraordinary situation in Estonia.

(ii) Deadlines stipulated in §§ 110–114 of the Bankruptcy Act will also be suspended/postponed during the extraordinary situation plus two months after termination of extraordinary situation in Estonia (similarly to provision (1)).’

### **Comments**

If the ‘law’ means not only Bankruptcy Law, but also the Commercial Code, General Civil Law Act, Act on Foundation or Non-Profit Organisation etc, then other acts related to the usual obligation for the members of the management board to submit an insolvency application to court within 20 days of insolvency situation (very similar to German law) may be covered.

§§ 110–114 of the Bankruptcy Act stipulate deadlines for claw-back actions to be initiated in normal circumstances.

To conclude, all deadlines related to the obligation to submit insolvency applications and deadlines related to claw-back actions (usually with strict deadlines for speedy bankruptcy procedures) are postponed during the extraordinary situation plus two months from termination of that situation.

There is a moratorium for all debtors during these extraordinary times +60 days, which cannot be attacked by creditors during the crisis.

In Estonia, the obligation to submit an insolvency application by the debtor is valid for all legal entities except the state and municipality as they cannot act as bankruptcy debtors. Of course, if the debtor itself chooses to declare bankruptcy (ie send an application to court), it is allowed to do that itself.

## **INSOL Europe/LexisNexis COVID-19 Tracker of Insolvency Reforms**

A tracker of insolvency reforms globally produced by Lexis Nexis in partnership with INSOL Europe is now available: [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 COVID-19 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.