

Slovakia: Temporary protection of entrepreneurs introduced

Slovakia has introduced temporary protection for entrepreneurs whose companies were affected by the COVID-19 crisis.

Under the new legislature, temporary protection (hereafter “TP”) is granted to the companies that:

- have their registered seat or place of business in the Slovak Republic;
- were licensed for business before 12 March 2020;
- were not insolvent as at 12 March 2020; and
- have been affected by the negative impacts of the spread of COVID-19.

TP cannot be granted to banks, e-money institutions, insurers or health insurance companies, collective investment entities or payment institutions and creditors licensed to provide consumer credits without limitation in scope.

To apply for protection, a legal entity must submit an electronic form application issued by the Ministry of Justice of the Slovak Republic to the relevant court. Private individuals are obliged to submit the application by post or personally.

If the application meets the requirements, the court will issue a confirmation of TP. The information that the applicant is under temporary protection will be published in the Commercial Journal and becomes effective following the publication.

During the protection period, the requests for bankruptcy filed by creditors after 12 March 2020 against a TP entity will be suspended. The same applies to the bankruptcy motions filed by creditors during the temporary protection period. Further, during this period, the entrepreneur under TP and its statutory directors are not obliged to file a petition for bankruptcy in respect of own assets.

On top of that, enforcement proceedings initiated after 12



March 2020 against an entity under TP for the satisfaction of a claim resulted from entrepreneurial activities will be suspended for the entire duration of the temporary protection period.

A creditor cannot enforce liens created over a business, item, right or any asset belonging to an entrepreneur under temporary protection.

Claims that originated against a company after it was granted temporary protection cannot be set off with earlier receivables.

After granting temporary protection, the other party may not terminate the contract, withdraw from the contract or refuse performance under the contract due to non-performance of the company under temporary protection, if the non-performance arose between 12 March 2020 and 12 May 2020 and was caused by COVID-19.

Limitation periods for the exercise of the rights against a company under temporary protection, including the limitation periods for challenging a transaction, will be suspended for the duration of the temporary protection period.

During the protection period, the entity under protection is

obliged to give priority to the common interest of creditors over its own interests, must not distribute profits or any other equity and is obliged to refrain from disposing of its assets.

Loans or similar payments granted to the entrepreneur during the temporary protection are subject to a special regime.

The TP will expire on 1 October 2020, but the Government may extend the TP period for all entrepreneurs until 31 December 2020. The TP may be cancelled upon the request of the entrepreneur or withdrawn by a court decision. ■



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