

Restructuring proceedings and bankruptcy proceedings in Sweden



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Niklas Alvestrand Körling (Managing Partner, CMS Wistrand and INSOL Europe country coordinator) and Nina Baecklund (Counsel, CMS Wistrand) have summarised recent statistics in Sweden on restructuring proceedings and bankruptcy proceedings.

In summary, COVID-19 did not drastically affect the number of formal insolvency proceedings filed. Since interest rates were increased during 2023 and then, subsequently, tax reliefs from the time of COVID-19 are to be repaid, there has during the last year been a significant increase of the number of formal insolvency proceedings.

Sweden has introduced an amended Restructuring Act in August 2022 which provides new tools for a Restructuring Plan. The new law makes it possible to arrange reorganisation solutions which are tailored for the specific situation and can affect also secured debts in addition to unsecured debts (as previously

was the case). Other examples of possibilities are to affect agreements and the ownership of the company under reorganisation.

As to the statistics for restructuring proceedings, the numbers have been low compared to bankruptcy proceedings with an annual number of some 200 applications. During 2020, at the beginning of COVID-19, the number of applications for restructuring proceedings increased, reaching around 400 throughout that year. Then in 2021, it was back to some 200 applications yearly. After the new Restructuring Act was introduced in August 2022, the number of applications has decreased to below 150 for 2023. This is most likely because the new Restructuring Act has a slightly higher threshold for opening a restructuring proceeding. Moreover, the possibility of using more tools within the proceeding makes the proceeding more complex and often more costly.

The number of bankruptcy proceedings filed has been quite the same during 2014 to 2022 with around 7,000 proceedings a year. For the latest years, the numbers of proceedings have been 7,296 in 2020, 6,463 in 2021 and 6,849 in 2022. However, in 2023, the numbers have increased to 8,858 and now, at the beginning of 2024, the increase is significant with around 50 % more bankruptcies monthly than during 2023.

There are some areas that are more affected than others such as hotels and restaurants, consultancies and building contractors. The shift is due to changes in the economy, both internationally and domestically, as well as the increase in Swedish interest rates. Additionally, tax reliefs given by the Swedish state during COVID-19 are now to be repaid, which makes the environment tougher for many companies. ■



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