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National Insolvency Statistics Update from Denmark



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In Denmark, the number of declared bankruptcy proceedings in 2023 was 6,948. By comparison, there were 7,818 bankruptcy proceedings in 2022 and 8,339 in 2021. In 2020, the number was low with only 5,614 declared bankruptcy proceedings, compared to 8,474 in 2019.

The explanation for this is found in the government's COVID-19 initiatives, where companies were given extended deadlines to pay taxes, receive loans from the state, etc. As a result, a number of bankruptcies were postponed, which may have influenced the numbers for 2021 and 2022. By way of historical overview, the average number of declared bankruptcy proceedings in the period 2009-2022 was 6,187 per year.

In 2023, bankrupt companies had an average of DKK 7.7 million in annual revenue, which is 7% below the average for the period 2009-2022. However, it is also 63% above the average for 2021, which was impacted by COVID-19. Moreover, bankrupt companies employed 4.8 full-time employees prior to the bankruptcy. When comparing the average number of full-time jobs affected, 2023 was 12% lower than the annual average



for the period 2009-2022, but 14% higher than in 2021. The employment numbers for 2021, which was likewise affected by COVID-19, were extraordinarily low when looking at all the years since 2009.

The rules regarding **Preventive restructuring proceedings** went into force in Denmark on 17 July 2022. In 2023, only 7 cases were filed, compared to 9 cases in 2022. The intention behind the rules is to give a more flexible restructuring process, facilitating the companies/business, with tools which may enable them to act at an earlier stage and prevent bankruptcy proceedings. In general, preventive restructuring proceedings have been used less than intended by the legislator.

After the introduction of preventive restructuring proceedings, the rules on

restructuring applicable prior to the implementation can be defined as **Regular restructuring proceedings**. In 2023, 120 cases involving regular restructuring proceedings were filed. By comparison, numbers from 2022 show filings of 139 cases in total. In 2021, the number of regular restructuring proceedings filed was 65, while both 2019 and 2020 saw 79 each.

In 2023, 6,858 cases regarding **compulsory dissolution** (*tvangsoploesning*) were received by the courts, most of which led to bankruptcy proceedings and are reflected in the numbers above regarding bankruptcy. ■

Sources:
Statistics Denmark
(www.statistikbanken.dk/KONK3)
Courts of Denmark
(www.domstol.dk/om-os/tal-og-fakta/skiftesager/)



Comparing the average number of full-time jobs affected, 2023 was 12% lower than the annual average for the period 2009-2022, but 14% higher than in 2021

