

Insolvency and restructuring trends in Luxembourg: Insights from 2024 and perspectives for 2025



CHRISTEL DUMONT
Senior counsel, Head of the
Restructuring, Insolvency and
Bankruptcy practice, Dentons



THIBAUT JAUFFRET
Associate in the Real Estate
& Construction department,
KLEYR GRASSO SCS

In 2024, Luxembourg recorded a significant increase in bankruptcies, with 1,189 cases declared, marking a rise of almost 30% compared to 2023, when 919 bankruptcies were recorded. This upward trend was evident throughout the year, with a notable 71% increase in bankruptcies in Q3 2024, compared to the same period in 2023.

Excluding holding companies, the most affected sector was construction, with 202 bankruptcies. Retail, hospitality and catering, and healthcare sectors followed, registering 176, 112, and 103 bankruptcies, respectively. By way of contrast, the transport and warehousing sector experienced a 25% decrease, while the trade sector remained relatively stable.

At the same time, the number of judicial liquidations fell sharply, from 520 in 2023 to 104 in 2024, representing a decrease of 80%. This downward trend became more pronounced from Q2 2023.

Holding companies and investment funds accounted for 46% of liquidations in 2024. The decrease is probably due to the introduction, in February 2023, of the administrative dissolution without liquidation procedure, which is managed by the Luxembourg Business Register Administration and applies to companies with no assets and no employees that meet the conditions for the opening of a judicial liquidation.

The introduction of judicial reorganization in November 2023, as part of the transposition of the EU restructuring directive, marked a pivotal moment for Luxembourg's insolvency framework. For the first time, businesses in financial distress were provided with a viable alternative to bankruptcy, allowing them to restructure while continuing operations.

In 2024, 34 judicial reorganization proceedings were initiated, surpassing expectations and highlighting the immediate relevance of this new procedure.

This early uptake is seen as an encouraging sign, with 2025 expected to bring a substantial increase in the number of companies turning to judicial reorganization to address their financial difficulties. However, challenges persist. In particular, the congestion in the courts in Luxembourg could hinder the timely progress of cases, in particular for judicial reorganization and the implementation of a completely new framework. ■

“

The introduction of judicial reorganization in November 2023 ... marked a pivotal moment for Luxembourg's insolvency framework

”