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## Serbia: Statistics and regulation update

Serbia has a new bankruptcy law since January 2010. The intention of the legislator was achieved in practice with regard to several aspects.

There was an increasing number of opened cases, predominantly because of the provisions on the so called “automatic bankruptcy” – the automatism of opening the proceedings in case that a company ceases all payments for a consecutive period of at least one year (the case is opened if the creditor paid the advance payment, otherwise the proceedings are simultaneously opened and closed, in case there is property left, the ownership rights are transferred to the State).

The change in figures could be seen in the data of the Bankruptcy Supervision Agency (Serbian regulatory body for licensing and supervision over the work of the IPs). The number of cases opened in 2009 was 334, and in 2010 was 1,053 (In 2011, 1,313 and in 2012 as of 21 August, 841). For comparison purposes, the current number of registered companies in Serbia is 103,215.

- Creditors have a greater role, they are more active in the process and better informed;
- There is an increased number of submitted reorganization plans and prepackaged reorganization plans (first time applied institute) – 232 submitted plans, 171 regular (of which 45 rejected) – 54 prepackaged reorganization plans (of which 10 rejected). In the period 2005-2009, there were only 48 reorganization plans;
- The average duration of the proceedings has decreased to nearly one year for cases conducted under the new law, while the average duration under the previous law was longer than three years.

### *New regulations*

An amendment to the Regulation on the basis and criteria for determining bankruptcy administrators’ fees and reimbursement of their expenses came into effect in February 2012. The amendment is in relation to the basis for calculation in case of settlement of secured creditors.

According to the previous rules, the IP’s fee was calculated according to a table and now a separate table for calculation has been given. Specifically, Article 2 provided that the basis for calculation is determined for each part of the property that is the subject of security, several parts of the property when they are sold as a whole or when they are homogeneous, or when they are sold at the same sale or on several sales in one day. By applying the new method of calculation IPs receive significantly lower fees than before.

When the Bankruptcy Law came into force, there was a provision with postponed application (starting from 1 January 2012), which is related to the strengthening of the IPs’ profession. Namely, employed persons, except those employed by a sole trader or a general or limited partnership, may not be entered into the list of active practitioners (that is, licensed practitioners who have subscribed to a compulsory professional liability insurance, amounting to at least €30,000 and who are registered as sole traders or are partners in a partnership), the active status being a condition for being appointed by a judge.



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