

New rules regarding entry into insolvency

Law no. 113/2020, which came into force on 11 July 2020, introduces changes to the insolvency legislation, the most important of which being changes to the essential conditions under which a company enters into insolvency procedures, i.e. the total debt threshold and debts to the state. A summary of the most important changes is given below.

1. Increased threshold value

The threshold value for the opening of insolvency procedures has been increased to RON 50,000 (previously RON 40,000) for requests made by creditors and debtors, as well as liquidators appointed as part of liquidation procedures. For salary receivables, the threshold value remains unchanged at six average gross national salaries/employee.

2. Elimination of the condition regarding budgetary receivables

Under the new regulations, in the event that the initiation of insolvency proceedings is requested by a debtor, the additional condition that the amount of budgetary receivables is less than 50% of the declared total amount of the debtor's receivables no longer applies.

3. No enforcement for current claims

The right of creditors to initiate the enforcement of claims arising during insolvency proceedings more than 60 days old has been eliminated. The recovery of these receivables will now only be possible as part of the insolvency proceedings.

4. Assignment of tax debts

The budgetary receivables of insolvent debtors may now be assigned by the budgetary creditor without the conditions provided for under the Fiscal Procedure Code being met, i.e.:

- a) that the transfer price is at least equal to the amount of budgetary receivables; and
- b) that payment of the transfer price and the recovery of budget receivables takes place within a maximum of three years from the date of conclusion of the transfer contract

5. Settlement of payment claims

The deadline for the analysis of requests for payment of current claims will begin to run on the date of receipt of the request by the judicial administrator, and not the date of submission of the request. In addition, the deadline within which the judicial administrator must formulate an answer has been increased from 10 to 15 days.

For current claims arising during the period of reorganisation, the syndic judge will reject any request to open bankruptcy procedures in cases where the debtor concludes a payment agreement with the creditor. A payment agreement is defined as an agreement concluded between the debtor and the creditor for the settlement of obligations in one or more instalments by deadlines other than those provided for under contractual or legal provisions.

6. Recording of contested budgetary receivables

Contested budgetary receivables are provisionally to be recorded in a table of receivables and will enjoy all the rights provided for in law, with the exception of the right to collect amounts proposed for distribution. These will be recorded in a single account until finalisation of the claim or settlement of the contestation filed against it.



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Source: Law no. 113/2020 on the approval of Government Emergency Ordinance no. 88/2018 for the amendment and supplementation of various normative acts in the field of insolvency as well as other normative acts, as published in the Official Gazette no. 600 of 8 July 2020.

This newsletter is a service of TPA.

Kind regards

Your TPA Team

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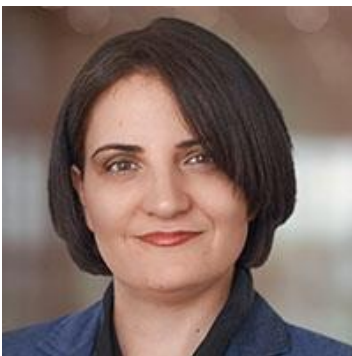
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IMPRINT Information update: 20 July 2020. This information has been simplified and is not a substitute for individual advice. Responsibility for the content lies with [Cristina Gheorghită, Legal Partner](#), of TPA Romania, Str. Grigore Cobălcescu 46, 010196 Bucharest, Romania.

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