

Fast-track liquidation procedure suggested by Ministry of Justice in Bulgaria

On 28 December 2023, a draft law supplementing the Commercial Act was published by the Ministry of Justice for public consultation.

The objective of the draft is to introduce a fast-track liquidation procedure for certain companies where the application of the standard procedure is not pertinent.

The simplified procedure is sought to apply to companies which simultaneously satisfy all of the following conditions:

- have not performed any business activity, or their business activity has been terminated more than 12 months prior to initiating the liquidation procedure;
- have no employees or have terminated all employment relationships more than 12 months prior to initiating the liquidation procedure;
- have no VAT registration or have been deregistered more than 12 months prior to initiating the liquidation procedure;
- have no outstanding debts to the state and municipalities and
- there is no pending tax/social security inspection or audit procedure conducted by the National Revenue Agency.

To simplify and speed up the otherwise cumbersome liquidation procedure, the law states shorter periods of time and a one-stop-shop approach facilitated by the Registry Agency.

To that effect, creditors will only have three months to claim their receivables instead of six months as it is in the standard liquidation procedure. Further, the conditions described above need only be declared and the provision of a declaration in that regard should be considered sufficient to review the application for liquidation in shorter periods of time.

In addition, in line with the one-stop-shop approach, all communication for the purposes of such liquidation procedures will be carried out by the Registry Agency. Thus, applications to the respective authorities (National Revenue Agency and National Social Security Institute) will be filed by the liquidator together with the liquidation application and then forwarded to them by the Registry Agency. The respective authorities will then have to issue the necessary documents in a shorter period of time than the generally applicable terms.

While it should be expected that the amendments would be adopted relatively soon as they form part of the Bulgarian Recovery and Resilience Plan, the implementation of these new regulations will be further postponed. In fact, the draft law suggests that the Registry Agency, National Revenue Agency, and the National Social Security Institute will have a year as of its entry into force to ensure the technical feasibility of its application.

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