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*Micro and Small Business Insolvency
Provisions of the new Greek Ins. Code
Also: a comparison with the provisions of the EU Draft Directive*

Panelist:

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Small bankruptcies in Greek Law

- New law (“DSL”, law 4738/2020)
 - Goal: to simplify and streamline the formal insolvency proceedings in order to maximise their efficiency
 - Provisions on small bankruptcies in force since June 1st, 2021
- Scope
 - Applicable to “very small entities”, as defined in accounting laws
 - entities that, during the course of a fiscal year, do not cross more than one of the following thresholds: total assets not greater than 350.000 Euros, total turnover no greater than 700.000 Euros or average size of employed personnel no greater than 10 employees
 - However, if turnover > 2m, not “very small entity”
 - Chapter on SB also applicable to natural persons (entrepreneurs, consumers etc)

Main simplifications

Topic	Deviation from rules on larger bankruptcies
Competent Court	Magistrate's court
Filing	Filed electronically, published (Electronic Insolvency Registry, EIS) and if unopposed are granted automatically after 30 days
Insolvency presumption	Cessation of payments presumed, if debtor does not pay at least 60% of its total overdue liabilities to the State/SSI/ financial institutions for a period of 6 months, provided that non-performing liability > 30.000 Euros.
Lack of assets	If assets do not suffice for covering expenses of procedure and debtor's income does not exceed "reasonable living expenses", no insolvency administrator is appointed. Proceedings don't open. Debtor's name published to EIS.
Liquidation	Piecemeal liquidation of all assets via e-auctions
Discharge	Available in both small/big bankruptcies. Applies to natural persons (also where there is lack of assets).
Other simplifications	No creditor committee appointed etc

The EU Draft Directive's approach

Topic	Deviation from rules on larger bankruptcies
Scope	“microenterprises”, < 10 employees, annual turnover and/or annual balance sheet < 2 m Euros
Competent Court	“competent authority”, defined by national law
Filing	Communications can be performed by electronic means. A standard form might be used.
Insolvency definition	“generally unable to pay debts as they mature”. MS to introduce simple/clear conditions.
Lack of assets	No insolvency administrator appointed (but proceedings open). The competent authority might entrust management to a creditor. MS to ensure that costs are covered.
Liquidation	Piecemeal liquidation via e-auctions OR closure of proceedings
Discharge	According to EU Restructuring Directive.
Other simplifications	Simplified rules on lodgment/admission of claims, avoidance actions etc



Thank you!

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