

Amendments to the Law on Insolvency (Bankruptcy)

On May 22, the Federation Council approved a law introducing important amendments to the legislation on bankruptcy. The draft law was initiated by the Supreme Court of the Russian Federation.

We draw your attention to the key changes:

1. **Now, for certain categories of bankruptcy disputes** (for example, on the incorporation of creditors' claims in the register, on the distribution of legal costs, on the extension of external management and bankruptcy proceedings and some others) **a court session with the summoning of participants is not envisaged without the court's initiative or a reasoned motion of the participants. Instead, the operative part of the judicial decision is issued at once.** If objections arise, it may be appealed.
2. Creditors will submit their claims against the debtor to the court **only in the electronic form.** Now, they can also be filed on paper. A similar change will apply to the submission of claims during external management.
3. **The minimum amount of debt that allows to initiate bankruptcy proceedings has been increased:**
 - For legal entities (as a general rule) – up to 2 million rub. (now – 300 thousand rub.);
 - For agricultural organizations, strategic enterprises and natural monopoly entities – up to 3 million rub.
4. **A single term of appeal and cassation appeal of judicial decisions on isolated bankruptcy disputes has been established – 1 month.**

The amendments also expand the trustee's powers (e.g., granting him the right to request information regarding the debtor, his spouse and other relatives without applying to the court), allow the debtor's spouse to be involved as a party in a bankruptcy case, allow the interest on the trustee's remuneration to be reduced by a court decision in case of obvious disproportionality, and improve the process of selling off the debtor's property, including the extension of this procedure.

After the law is signed by the President of the Russian Federation and officially published, the amendments will enter into force.

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In case you have any questions, we recommend that you seek legal advice.

Information prepared by DSL-Service Law Company

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