



Insolvency: throwing a lifeline to struggling companies

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Struggling companies will be given a second chance to improve their financial situation under new rules on insolvency approved by MEPs on 20 May. Every year 1.7 million jobs are lost in the EU due to companies going bankrupt. Under the new legislation on cross-border insolvencies, companies in financial difficulties but otherwise sound are given another opportunity to turn the situation around. The plans also include measures to help firms before they go bust.

Out of the 200,000 EU businesses facing insolvency every year, 50,000 owe money to someone in another member state, which further complicates legal proceedings. EU rules, which date from 2000, aim to facilitate these proceedings by clarifying which courts should be handling the cases and helping them to cooperate across borders.

One important issue is always to determine what member state should launch the main proceeding, which normally would be where the company has a registered office. The new rules seek to prevent people from exploiting differences between national laws.

Find out more

- Resolution: <http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&mode=XML&reference=A8-2015-0155&language=EN>
- Video of the debate: <http://www.europarl.europa.eu/ep-live/en/plenary/video?debate=1432060873168&streamingLanguage=en>
- Procedure file: <http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?lang=en&reference=2012/0360%28COD%29>
- Parliament study on the reform of the insolvency rules: http://www.europarl.europa.eu/RegData/etudes/ATAG/2015/556989/EPRS_ATA%282015%29556989_EN.pdf
- Commission press release on the new insolvency rules: http://ec.europa.eu/justice/newsroom/civil/news/121212_en.htm

When at first you don't succeed...

- Up to 18% of successful entrepreneurs failed with their first company