

Temporary protection for entrepreneurs under the Act No. 62/2020 Coll. on certain emergency measures in the judiciary

implemented due to the declaration of the state of emergency
related to pandemic of

COVID-19

JUDICIARY MEASURES – TEMPORARY PROTECTION FOR ENTREPRENEURS

- ❖ PURPOSE OF THE TEMPORARY PROTECTION (§ 8)
 - **Temporary protection** – the purpose of temporary protection is to create a time-limited framework with tools to support the effective management of negative impacts of the Covid-19 pandemic on entrepreneurs
- ❖ SCOPE OF THE TEMPORARY PROTECTION (§ 9)
 - **Temporary protection is applicable for** entrepreneurs (**natural and legal persons**) with a seat/place of business in the territory of the Slovak Republic **and which have not been classified as an entity/undertaking in difficulties prior to 12 March 2020**
 - Entrepreneurs **must have had a valid business license prior to 12 March 2020**
 - **Certain financial institutions** (banks, insurance companies) **are not eligible**
- ❖ APPLICATION FOR THE TEMPORARY PROTECTION (§ 11, § 12, § 13, § 14)
 - Temporary protection is provided **on the basis of application**, which shall be submitted **in a template form and addressed to the designated district court** (district courts in Trnava, Žilina, Banská Bystrica and Prešov); jurisdiction depends on the registered office of the company
 - **The template form shall be published by the Slovak Ministry of Justice**
 - A legal person shall submit the application only by authorized electronic means to the court's electronic mailbox
 - A natural person-entrepreneur may submit an application in person or by mail
 - The application must contain both general and specific requirements according to the Act No. 62/2020 Coll.

JUDICIARY MEASURES – TEMPORARY PROTECTION FOR ENTREPRENEURS

- ❖ PROVISION OF THE TEMPORARY PROTECTION (§ 15)
 - If the application contains all requirements, the court shall provide/issue temporary protection „without delay“
 - Rejection of the application can be challenged within 15 days of its receipt
 - Confirmation of the provision of temporary protection is delivered by depositing it in the court file and published in the Commercial Journal
 - The temporary protection is considered to be granted on the day following the date of publication

- ❖ SELECTED EFFECTS OF THE PROVISION OF THE TEMPORARY PROTECTION (§ 17)
 - **Bankruptcy proceedings initiated by the creditor** after 12 March 2020 on the entrepreneur's property under the temporary protection **shall be suspended**

 - The entrepreneur under the temporary protection **is itself not obliged to file for bankruptcy of its property** during the period of temporary protection

 - Any **execution proceedings** against an entrepreneur under the temporary protection initiated after 12 March 2020 **shall be suspended**

 - **The enforcement of lien applicable to the undertaking or assets** of an entrepreneur under temporary protection **cannot be commenced**

 - **It is not possible to set off a previously existing claim of a related person against a claim** of the entrepreneur under the temporary protection

 - **The other contracting party may not terminate or withdraw from the contract** concluded with an entrepreneur under³ the temporary protection due to a delay in fulfillment to which the other party was entitled before the temporary protection

JUDICIARY MEASURES – TEMPORARY PROTECTION FOR ENTREPRENEURS

- ❖ SELECTED EFFECTS OF THE TEMPORARY PROTECTION (§ 17)
 - **Time limits to exercise the right** towards an entrepreneur under the temporary protection **shall be suspended** for the duration of the protection.
 - **Obligations directly related to the continuation of business operations shall be paid by the company under protection as a matter of priority over previously payable liabilities**
 - **Cashless bank loans granted during the temporary protection and directly related to the continuation of business operations shall not be assessed under the provisions of the Commercial Code on crisis** and the provisions related to the bankruptcy regulation do not apply to them as well
- ❖ TERMINATION OF THE TEMPORARY PROTECTION (§ 18)
 - The temporary protection terminates:
 - A) on October 1st 2020
 - B) upon request of the entrepreneur
 - C) upon court decision
 - **The application for termination of the temporary protection must be submitted in the template form published by the Slovak Ministry of Justice (on their website)**
 - The duration of temporary protection may be extended by the Slovak Government latest until December 31st 2020

SARIO

SLOVAK INVESTMENT AND TRADE DEVELOPMENT AGENCY

SARIO

Trnavská cesta 100
821 01 Bratislava, Slovakia
www.sario.sk

E: covid19@sario.sk



The content of this document is protected by copyright. The use of texts and images, or even their extracts without the written permission of SARIO is a violation of the provisions of Act no. 185/2015 Coll. Copyright Act and is therefore illegal. This applies particularly to their reproduction, distribution or use in electronic systems. The contents of this presentation cannot be, even partially, copied for commercial purposes, distributed, altered or provided to third parties. Please note that some of the images in this document may be subject to copyright of third parties.

Please note that the material's goal is not to provide exhaustive information on all relevant measures adopted due to the COVID-19 pandemic. SARIO's materials and other data on economic measures are for information purposes only. SARIO does not bear any responsibility related to their completeness or accuracy. SARIO does not provide legal opinions or interpretations on the measures in question. For more information, we advise to contact the entity responsible for the implementation or administration of the given measure.