

# Luxembourg insolvency alert - Luxembourg suspends deadline to file for insolvency

April 9, 2020

In the context of the state of emergency, which has been declared by the Luxembourg prime minister on the national territory as from March 18, 2020, and confirmed for three months by a law dated March 24, 2020, a grand-ducal regulation has been adopted on March 25, 2020 to suspend time limits in jurisdictional matters.

The deadline to file for insolvency, which is one month as from the day the conditions to file for insolvency are met (i.e. suspension of payments/inability to pay due debts and inability to raise credit), is among the time limits in jurisdictional matters suspended. In this respect, the directors of a company who are under the legal obligation to file for insolvency within the one-month deadline are relieved from such obligation for the duration of the state of crisis. However, it is worthwhile noting that such an obligation will be revived as soon as the state of emergency is over.

It is also important to note that the grand-ducal regulation dated March 25, 2020, provides only for a suspension of the deadline. Therefore, if the one-month deadline to file for insolvency started before March 25, 2020, directors will have only the remaining days of the one-month deadline to file once the state of emergency is over. A careful monitoring of the situation by directors remains crucial during this critical period, especially as companies which were already in financial difficulties prior to January 1, 2020, are excluded from the benefit of the financial aids provided for by the law dated April 3, 2020, on the establishment of an aid scheme for firms in temporary financial difficulty.

## Your Key Contacts



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