

Regulatory Update | Covid-19

Relaxations announced by Insolvency and Bankruptcy Board of India due to Covid-19 – Compliance and Timelines

Insolvency and Bankruptcy Board of India (IBBI) has announced several measures to ensure the rights of all the stakeholders are sufficiently protected during such lockdown situation.

The measures announced by IBBI include relaxation in computation of timelines for undertaking different actions under insolvency code, increase in thresholds for triggering insolvency etc.

The key relaxations announced by IBBI pertaining to compliance and timelines are summarized hereunder:

Compliance and Timelines

1. For obtaining a certificate of registration, an insolvency professional is required to pay to a fee at the rate of 0.25 percent of the professional fee earned as an insolvency professional, on or before the 30 April every year to IBBI. The timeline for payment of such fee for the FY 2019-20 has been extended to 30 June 2020.
2. IBBI also amended the Corporate Insolvency Resolution Process (CIRP) Regulations to provide that the period of lockdown imposed by the Central Government in the wake of Covid-19 outbreak shall not be counted for the purposes of the timeline for any activity that could not be completed due to the lockdown, in relation to a corporate insolvency resolution process. This would, however, be subject to the overall time-limit provided in the Insolvency and Bankruptcy Code.
3. The lockdown period will be excluded for the purpose of computation of the time-line for any task that could not be completed due to such lockdown, in relation to any insolvency / liquidation process.

Conclusion:

The above measures announced by IBBI will ease the compliance burden in meeting timelines prescribed in relation to a corporate insolvency resolution process and liquidation process under the Insolvency and Bankruptcy Code.



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