

COVID-19: Legal standstill is not extended beyond 19 April 2020

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On 8 April 2020, the Federal Council affirmed its willingness to offer support for companies in financial difficulties because of the coronavirus crisis. At the same time, the Federal Council decided not to extend the legal standstill in civil and administrative court proceedings and in debt enforcement actions. The legal standstill will end as planned on 19 April 2020 at midnight.

On 1 April 2020, the Federal Department of Justice and Police published its plans to implement additional measures and make last minute adjustments to Swiss insolvency legislation and conducted a public consultation on its proposals ([see Legal Update of 3 April 2020](#)).

At its meeting on 8 April 2020, the Federal Council instructed the Federal Department of Justice and Police to prepare the legal framework with respect to proposed measures, which include inter alia relaxing the reporting obligations in the event of imminent overindebtedness (Art. 725 paragraph 2 of the Swiss Code of Obligations) and the implementation of a special COVID-19 moratorium for smaller companies.

The Federal Council has already approved substantial aid measures to protect the Swiss economy, especially to bridge liquidity bottlenecks. The Federal Council has confirmed its commitment to protect Swiss companies from corona-related bankruptcy and to save jobs as far as possible. Nevertheless, the Federal Council decided not to extend the legal standstill, which will thus end as planned on 19 April 2020 at midnight. The Federal Council considered that in the long term, a legal standstill is not a suitable instrument for dealing with the current economic difficulties.

No legal or tax advice

This legal update provides a high-level overview and does not claim to be comprehensive. It does not represent legal or tax advice. If you have any questions relating to this legal update or would like to have advice concerning your particular circumstances, please get in touch with your contact at Pestalozzi Attorneys at Law Ltd. or one of the contact persons mentioned in this Legal Update.

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