



Bankruptcy

Liquidation

Time frame

FROM 9 MONTHS TO 5 YEARS UNDER SOME CONDITIONS.

FROM 6 MONTHS TO 1 YEAR OR MORE, DEPENDING ON THE EFFICIENCY OF EACH PERSON/COMPANY/STATE AUTHORITY INVOLVED.

Conditions

1. THE COMPANY HAS LESS MONEY AND PROPERTY THAN THE CREDITORS' CLAIMS;
2. THE COMPANY HAS STABLE INSOLVENCY;
3. THE UNFULFILLED MONETARY OBLIGATION OF THE DEBTOR TO THE LENDER ON THE BASIS OF A JUDICIAL ACT;
4. NON-PAYMENT BY THE DEBTOR OF THE AMOUNT OF TAX DEBT, AS WELL AS CUSTOMS DEBT, SPECIAL, ANTI-DUMPING, COMPENSATION DUTIES.

1. THE COMPANY HAS MORE MONEY AND PROPERTY THAN THE CREDITORS' CLAIMS;
2. VOLUNTARY LIQUIDATION BY THE DECISION OF THE COMPANY;
3. BY THE COURT DECISION IN THE FOLLOWING CASES:

- BANKRUPTCY;
- INVALID REGISTRATION UNDER SOME CONDITIONS;
- ABSENCE OF A LEGAL ENTITY AT THE LOCATION OF OR IN THE ACTUAL ADDRESS, AS WELL AS FOUNDERS AND COMPANY OFFICIALS;
- CARRYING OUT ACTIVITIES WITH VIOLATION OF LEGISLATION;
- CARRYING OUT ACTIVITIES THAT CONTRADICT GOALS SET IN THE CHARTER;
- CARRYING OUT THE ACTIVITY WITHOUT A LICENSE OR AN ACTIVITY THAT IS PROHIBITED BY LAW.

Step-by-step process

1. RESOLUTION/MINUTES ON LIQUIDATION OF THE COMPANY.
2. FINDING A TEMPORARY MANAGER.
3. SUBMITTING A SET OF DOCUMENTS TO THE COURT.
4. THE COURT INITIATES A BANKRUPTCY CASE.
5. TEMPORARY MANAGER ANALYSES THE COMPANY'S FINANCIAL STABILITY.
6. THE COURT CONSIDERS THE CASE.
7. THE COMPANY TRANSFERS DOCUMENTS, MATERIALS, AND OTHER VALUES TO THE TEMPORARY MANAGER.
8. THE TEMPORARY MANAGER NOTIFIES THE AUTHORIZED BODY.
9. THE COURT DECISION COMES INTO FORCE, WHETHER DECLARED BANKRUPT OR NOT.
10. THE BANKRUPTCY PROCEDURE BEGINS AND A BANKRUPTCY MANAGER IS APPOINTED TO COMPLETE THE BANKRUPTCY PROCEEDING.
11. THE BANKRUPTCY COMPLETION AND LIQUIDATION.

1. RESOLUTION/MINUTES ON LIQUIDATION OF THE COMPANY.
2. NOTIFICATION OF THE JUSTICE AUTHORITIES AT THE PLACE OF REGISTRATION.
3. NOTIFICATION OF THE TAX COMMITTEE.
4. NOTIFICATION OF THE EMPLOYMENT CENTRE.
5. PUBLICATION OF INFORMATION ON THE LIQUIDATION OF A LEGAL ENTITY.
6. PREPARING INTERIM LIQUIDATION BALANCE SHEET.
7. SENDING TO THE TAX COMMITTEE AN APPLICATION FOR A TAX AUDIT AND SENDING THEM LIQUIDATION TAX REPORTS.
8. PAYMENTS OF TAXES, PAYMENTS TO THE BUDGET, AND OTHER PAYMENTS
9. SATISFACTION OF CLAIMS BY CREDITORS.
10. TRANSFER TO THE ARCHIVE OF DOCUMENTS TO BE TRANSFERRED.
11. THE TRANSFER OF THE REMAINING PROPERTY TO THE FOUNDERS.
12. DISTRIBUTION OF PROPERTY AMONG THE PARTICIPANTS OF THE LIQUIDATED PARTNERSHIP.
13. PREPARING LIQUIDATION BALANCE SHEET.
14. OBTAINING CERTIFICATES OF THE ABSENCE OF ARREARS OF TAXES AND CUSTOMS DUTIES.
15. CLOSING A BANK ACCOUNT.
16. DESTRUCTION OF SEALS.
17. REGISTRATION OF LIQUIDATION OF LEGAL ENTITY IN THE JUSTICE AUTHORITIES.

ADVANTAGES

- PROVIDES AN OPPORTUNITY TO LIQUIDATE A COMPANY THAT IS NOT PROFITABLE AND HAS MORE ACCOUNTS PAYABLE THAN ASSETS ON THE BALANCE SHEET;
- ALLOWS FOR THE POSSIBILITY TO SWITCH TO REHABILITATION PROCEDURE IF THE WORKABLE PLAN ON RESTORING SOLVENCY IS PRESENTED.
- ANY PERSON CAN BECOME A MEMBER OF THE LIQUIDATION COMMITTEE, THERE IS NO PROHIBITION IN KAZAKH LAW. MEMBER OF LIQUIDATION COMMITTEE IS SELECTED BY RESOLUTION OF THE COMPANY.

DISADVANTAGES

- THE TEMPORARY MANAGERS AND BANKRUPTCY MANAGERS ARE SELECTED BY THE COURT AND CREDITORS COMMITTEE RESPECTIVELY AND APPROVED BY STATE AUTHORITY.
- IN GENERAL, THE BANKRUPTCY PROCEEDING IS MORE TIME-CONSUMING AND A LOT OF EFFORT SHOULD BE PUT, AS THERE IS A RIGOROUS PROCESS THAT REQUIRES INTERACTION WITH COURTS, CREDITOR COMMITTEE, TEMPORARY AND BANKRUPTCY MANAGERS.
- PRIOR TO LIQUIDATION, ALL TAX AND DEBT LIABILITIES SHOULD BE RESOLVED.
- IN THE CASE OF DEBT WAIVER, THERE MIGHT APPEAR INCOME TAX LIABILITY TO BE PAID.

