

DEBT ADJUSTMENT OF A PRIVATE INDIVIDUAL for entrepreneurs



FINANCIAL AND DEBT COUNSELLING



Debt adjustment of a private individual in a nutshell

Debt adjustment of a private individual is applied for in a district court. A debt adjustment is a less intensive and expensive procedure than corporate restructuring.

If the debt adjustment is accepted, a payment schedule for paying off your debts will be confirmed for you.

For the payment schedule, available funds are calculated for you based on your income and expenses. Available funds mean the amount by which you will pay off your debts every month in the debt adjustment. The duration of the payment schedule is either three or five years. If you retain your owner-occupied home in the debt adjustment, the duration of the payment schedule may be longer.

The purpose of the debt adjustment is to restore a sound financial situation and enable you to continue your business activities. Your remaining debts are forgiven once the payment schedule and any additional payments have been completed as agreed.



General conditions and impediments:

- There are certain conditions for and impediments to a debt adjustment of a private individual. These are described in more detail in our brochure "Debt adjustment of a private individual". In addition to these, certain additional impediments and conditions apply to entrepreneurs, which we will explain in this brochure.
- Business-related debts cannot be adjusted if there is justified cause to assume that it is intended to prevent debt collection by creditors or otherwise infringe on creditors' rights.
- If the amount accumulated for the creditor is less than what the creditor would get through the debtor's bankruptcy, this also constitutes an impediment.

Terminated business activities

Debts from previous business activities are treated as private debts if the business has been closed down and the debtor's liabilities determined. The additional conditions for entrepreneurs are not applied to terminated business activities.

Debt adjustment for various company forms

Private entrepreneurs and self-employed persons can apply for a debt adjustment for private individuals for their business debt and/or personal debt.

Companies (general and limited partnerships, limited liability companies) are not eligible for a debt adjustment for private individuals for their business debt. However, shareholders or partners in the company may apply for a debt adjustment for private individuals for their personal debt.

Additional conditions for the adjustment of business debt

The business-related debts of a private entrepreneur or self-employed person can be adjusted if:

- your company had no more than two employees in addition to yourself in the last full financial year;
- your company is capable of paying the costs of its business activities during the debt adjustment;
- your business activities are viable;
- you have available funds; and
- rebalancing the finances of your business does not require measures related to your business activities, e.g. corporate restructuring.

Additional conditions for the adjustment of private debts

The personal debts of a private entrepreneur or self-employed person can be adjusted if:

- you have funds available for paying the debts and have no or very little business debt.
- you have more than a little debt, there are no due, unpaid installments and you are capable of paying your business debts on time or the debts will be restructured in accordance with the Act on the Adjustment of the Debts of a Private Individual.

The personal debts of an entrepreneur with a company (general and limited partnerships, limited liability companies) can be adjusted if:

- the company is solvent and not under the threat of becoming insolvent or if the procedure referred to in the Restructuring of Enterprises Act has been initiated.

Retaining assets

A private entrepreneur or self-employed person can retain their business assets in the debt adjustment if the assets are necessary for continuing business activities.

Financial and debt counselling

Financial and debt counselling will determine your overall situation. You can evaluate your situation with a financial and debt counsellor.

The financial and debt counsellor can help you prepare your application if necessary. You will be assisted throughout the process.

To apply for debt adjustment, you must have an expert statement on the financial status of your business and its viability. The financial and debt counsellor will help you with obtaining the statement.

The contact details of financial and debt counselling can be found on our website: **www.talousjavelkaneuvonta.fi**



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