

## Brazilian Bankruptcy Law enacted

Brazilian President enacted Law nº 14.112 (“New Brazilian Bankruptcy Law”), published on December 24, 2020, with vetoes in relation to the bill approved by the National Congress. Despite of the name given, this law does not revoke Law nº 11.101/2005, but, instead, it amends its provisions with the purpose of bringing celerity, updating and widening the restructuring procedures, thus enabling the recovery of the economic activity and the preservation of jobs.

Among other changes, the New Brazilian Bankruptcy Law brought the following news:

- (i)** Creditors may present a restructuring plan in a judicial proceeding when the restructuring plan presented by the debtor is rejected;
- (ii)** Authorization for debtors to use assets as guarantee for new loans during the judicial recovery, which will have priority for receiving credits in the event of bankruptcy;
- (iii)** The purchaser of assets of a company under judicial recovery will not be responsible for tax debts related to the debtor;
- (iv)** Wider limits for discounts and payment in installments of federal taxes;
- (v)** Imprisonment and penalties in case of distribution of profits and dividends before the approval of the restructuring plan;
- (vi)** In exceptional situations, the stay period may be extended for another 180-day period;
- (vii)** Mechanisms for international cooperation regarding assets located in other countries; and
- (viii)** Companies belonging to the same group under the same corporate control and that meet the requirements of law may request consolidation in a recovery proceeding.

We are available to discuss this matter in detail.

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