

Government extends business support measures

News story

The Government has extended temporary insolvency measures providing further support to businesses during the pandemic.



Insolvency measures supporting businesses during the pandemic and helping them recover, are set to be extended till the end of June 2021.

The measures were introduced in the Corporate Insolvency and Governance Act in March 2020, including protecting businesses from aggressive creditor enforcement and removing personal liability on company directors, and have been [previously extended on a number of occasions](#).

The measures being extended till the end of June 2021:

- Statutory demands and winding-up petitions will continue to be restricted to protect companies from creditor enforcement action due to debts related to coronavirus (COVID-19).
- Small suppliers will not have to continue to supply a business in insolvency. However, larger suppliers will not be able to cease their supply or ask for additional payments while a company is going through a rescue process.
- Entry into a moratorium will remain relaxed and a company will be able to enter a moratorium if they have been subject to an insolvency procedure in the previous 12 months. These measures will be extended until 30 September 2021

Minister for Corporate Responsibility, Lord Callanan, said:

We're extending these important measures to give businesses the extra breathing space they need as we cautiously reopen the economy and look to build back better from the pandemic.

With the threat of aggressive creditor action and insolvency eased,

companies will be able to focus all their efforts on their recovery.

Dr Roger Barker, Director of Policy & Corporate Governance at the Institute of Directors said:

During the pandemic, it has been essential to provide company directors with the means by which they can sustain inherently viable businesses. An important component has been the temporary suspension of the potential liability faced by directors if they continue to operate a company that is facing financial difficulties. During the exceptional circumstances of the pandemic, this has been an appropriate step for government to take in order to ensure that viable businesses survive and are in a position to contribute to a meaningful economic recovery.

- The temporary measures were introduced in the [Corporate Insolvency and Governance Act 2020](#)
- The temporary measures apply to England, Wales & Scotland. Insolvency in Northern Ireland is devolved and NI Ministers are considering a corresponding extension of their legislation.

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