

Insolvency and Bankruptcy Board of India

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Press Release

Insolvency and Bankruptcy Board of India amends the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 and Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017

The Insolvency and Bankruptcy Board of India has notified the Insolvency and Bankruptcy Board of India (Liquidation Process) (Amendment) Regulations, 2025 ('Amendment Liquidation Regulations') and Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) (Second Amendment) Regulations, 2025 ('Amendment Voluntary Liquidation Regulations') dated 28th January 2025.

2. The amendments, which come into immediate effect, seek to enhance the efficiency, transparency, and integrity of the Liquidation and Voluntary Liquidation process while addressing emerging challenges.

3. The key highlights of the amendments are as follows:

3.1 Strengthening the Auction Process

- a. Prospective bidders are now given more time to participate in the auction process (from 14 days to about 30 days) by streamlining the verification process thereby facilitating wider participation.
- b. The liquidator shall mention in the auction notice that the Earnest Money Deposit (EMD) of the successful bidder shall be forfeited if found ineligible during the auction process.
- c. All prospective bidders must submit necessary documents, including a declaration of eligibility under Section 29A, as specified in the auction notice on the electronic auction platform or as mentioned in the auction notice.
- d. The liquidator is required to verify the eligibility of the highest bidder (H1) within three days of the auction and consult the Stakeholder Consultation Committee (SCC) on the auction results.
- e. If the highest bidder (H1) is found ineligible, the next highest eligible bidder (H2) may be considered, subject to consultation with the Stakeholder Consultation Committee.

3.2 Submission of final report: Liquidators are now mandated to file the final report, including Form H, with the Adjudicating Authority when a scheme of compromise or arrangement under Section 230 of the Companies Act, 2013, is approved. Implementing this measure will improve accountability and regulatory oversight.

3.3 Corporate Liquidation Account and Corporate Voluntary Liquidation Account: The IBBI will continue to manage the Corporate Liquidation Account and Corporate Voluntary Liquidation Account in a separate bank account with a scheduled bank as it has proven to be efficient in expeditious claim processing and overall fund management.

3.4 Realisation of uncalled or unpaid capital: Voluntary Liquidation processes can now be completed even if there is uncalled capital as there are adequate safeguards already in the regulations to protect the creditors and the provisions for realisation of uncalled capital or unpaid capital contribution may only result in avoidable delays.

3.5 Filing of forms: Insolvency Professionals are now required to submit the details related to liquidation and voluntary liquidation processes in the electronic forms available on IBBI's portal. To ensure timely submission it has been notified that filing delays will attract a late fee of ₹500 per form per calendar month from a date to be notified later.

3.6 Disclosure of tax deductions: Regulations now require detailed disclosure of tax deductions by the liquidator before depositing unclaimed dividends and undistributed proceeds into the Corporate Liquidation Account or Corporate Voluntary Liquidation Account. Forms have been updated to include fields for tax deduction confirmation, applicable provisions, and reasons for unclaimed dividends or undistributed proceeds.

4. The Amended Liquidation Regulations and Voluntary Liquidation Regulations are available at the Board's website: www.ibbi.gov.in.
