

## **Discharge of debts – one financial rehabilitation solution for resolving insolvency**

### **Abstract**

Discharge of debts is one of the financial rehabilitation methods for resolving insolvency regulated through Act No 182/2006, on insolvency and the methods of its resolution (the Insolvency Act). It is today, not surprisingly, the most widely used instrument in the field of insolvency law and proceedings, and its essence is to achieve, under statutory conditions, the objective of satisfying at least part of the claims of creditors, and to obtain exemption from the obligation to pay the remaining receivables of those creditors. Meaning debt relief.

Through the discharge of debts, typically for a natural person, legal protection from creditors is obtained for the duration of the proceedings and, ultimately, also the anticipated benefit in the form of debt relief.

The motive for this paper is an effort to characterise discharge of debts in relation to legislation, its development, including through the most recent amendments, and also considering socio-economic reality, including consideration of the case law of insolvency courts and the Constitutional Court of the Czech Republic, professional publications and articles, yet also my own practical experience.

This paper is split into two basic parts with concise introductions. The first part primarily provides an explanation of the basic terminology, including a definition of the methods for addressing the insolvency of a debtor, followed by a historical excursion connected with the topic.

The second – key – part of the paper focuses on a thorough elaboration of the actual discharge of debts process, from the submission of a petition for the discharge of debts through to the completion of the insolvency proceedings, including the regulation for the exemption from the payment of receivables, all considering two methods of addressing the discharge of debts: a repayment schedule with the realization of property or the realization of property.