רשות האכיפה
והגבייה

Insolvency and Financial Rehabilitation

Information Brochure

Insolvency and financial rehabilitation

An insolvent person is a person who is unable to pay his debts on the date they are due or a person whose liabilities are higher in value than the value of his assets.

The Insolvency and Financial Rehabilitation Law, 5778-2018 (hereinafter: the Law) entered into force on September 15th 2019, regulating the insolvency proceedings.

With regard to a debtor who is an individual (that is to say, who is not a corporation), pursuant to the Law the insolvency proceedings replace the bankruptcy proceedings that were conducted in the matter of an individual, until now in a district court.

It should be clarified that any bankruptcy proceedings which had been commenced in a district court before September 15th 2019 shall continue to be conducted in the district court pursuant to the Bankruptcy Ordinance [New Version], 5740-1980.

The Law's objectives:

- To result as far as possible in the debtor's financial rehabilitation
- To increase the rate of the debt received by the creditors
- To promote the debtor's reintegration in financial life

Insolvency and financial rehabilitation proceedings pursuant to the Law shall be conducted by three bodies according to the following apportionment of powers:

The Execution Office System, the Law Enforcement and Collection System Authority –	The Commissioner of Insolvency Proceedings at the Ministry of Justice –	The district court –
Insolvency proceedings for an individual owing a debt lower than 172,335 NIS*	Insolvency proceedings for an individual owing a debt of more than 172,335 NIS*	Insolvency proceedings for corporations

*The sums are updated once a year.

Insolvency and financial rehabilitation proceedings at the Execution Office

Insolvency proceedings for an individual whose debts are lower than 172,335 NIS shall be conducted at the Execution Office by the Execution Office Registrars who have been appointed by the Law as Insolvency Registrars (hereinafter - the Registrar).



Pay attention

The condition for filing an application is that the total of all the debts should not be less than 57,445 NIS, apart from cases where the Registrar finds that there are special reasons justifying opening the proceedings for a lower sum.

The Insolvency Units where the proceedings will be conducted are located in the following Execution Office branches:

- **Northern District –** the Nazareth branch and Tiberias branch
- **Haifa District –** the Haifa branch
- **Central District –** the Kfar Saba branch
- **Tel Aviv District –** the Tel Aviv branch
- **Jerusalem District –** the Jerusalem branch
- **Southern District –** the Ashkelon branch, Be'er Sheva branch and Eilat branch

Filing an application to initiate insolvency proceedings

Filing an application to initiate proceedings is the first station the debtor must pass in the insolvency proceedings if he wishes to wipe the slate clean and be released from his debts.
It is also possible to file an application to initiate insolvency proceedings when an individual has debts which were not initiated at the Execution Office.
(For example: when there are debts in respect of which Execution Office files have not yet been opened, or if there are debts to other parties operating by virtue of the Taxes Ordinance (Collection)).

Threshold conditions for filing an application

A debtor who wishes to file an application to initiate proceedings may file an application if one of the following conditions is fulfilled:

On the date of filing the application or during the six months preceding it, the center of his life was in Israel

or

On the date of filing the application he has assets in Israel or he is managing businesses in Israel

Pay attention

filing an application to initiate insolvency proceedings does not automatically freeze the proceedings, the debtor may apply with an application for a stay of proceedings until an order to initiate the proceedings is given to the entity where the proceeding is being conducted (the court, Execution Office, the Center for Collection of Fines, etc.) or apply to the entity hearing the application for initiating insolvency proceedings with an application to order a stay of proceedings until an order to initiate the proceedings is given.

Manner of filing the application

An application to initiate insolvency proceedings at the Execution Office shall be filed by means of an online form that may be found on the Law Enforcement and Collection System Authority website

at the address: www.eca.gov.il
Under the subject Insolvency.



Pay attention

You should complete all the details in the form and attach all the necessary documents to the application.
If an incomplete application is filed an insolvency file will not be initiated.

A debtor who is not represented by an attorney and who finds it difficult to file the online form may file an application manually at the insolvency office situated in the district where the debtor resides, after making an appointment in advance.
The application form may be obtained at the office or downloaded from the website.
It is possible to check whether you are eligible for representation by the Legal Aid at the nearest Legal Aid bureau to your place of residence, or at the Legal Aid information hotline at telephone *6405.

For further information with regard to the Legal Aid do a Google search
"Legal Aid – the Ministry of Justice"

Payment of a fee for filing an application to initiate insolvency proceedings

Before filing the application you must pay a fee in the sum of 900 NIS. The sum of the fee is updated as of 01/01/2025 and will be updated once a year.
The remainder of the fee in the sum of 678 NIS will be paid out of the creditor assets fund.

When the application is filed by the Legal Aid it should be noted on the application form that the debtor is represented by the Legal Aid, in this case the fee will not be paid when the application is filed and will be paid within the framework of the insolvency proceeding management expenses when the creditor funds are distributed.
A debtor who complies with the conditions for representation by the Legal Aid but who does not wish to be represented by it may file an application for exemption from the fee. If the application is approved, the fee will not be paid as a condition for filing an application to initiate an insolvency proceeding and the fee will be paid within the framework of the insolvency proceeding management expenses when the creditor funds are distributed.
Further information regarding the criteria for compliance with the eligibility tests for representation by the Legal Aid and the manner of filing the application for exemption from a fee may be found on the Authority's website at the address www.eca.gov.il under the subject "Insolvency".



Payment by credit card:

At the address: www. eca.gov.il under the subject Insolvency.

After the payment has been made, the application form for initiating insolvency proceedings should be updated with the confirmation number.



Payment in cash:

At the Mizrahi Tefahot bank branches providing the service.

A list of the branches is published at the address www.eca.gov.il under the subject Insolvency.

In addition, you may obtain a list of the branches at the Law enforcement and Collection System Authority Call Center.
You should state the debtor's identity number and ask the bank clerk to pay the fee for **opening a bankruptcy file.**
24 hours after the payment in cash you should update the payment confirmation number on the application form.

Cancellation of application and return of fee

In the event that the applicant decides to cancel the filing of the application before the Registrar has ordered to summon a hearing for formulating the payments arrangement, he will be repaid one half of the fee paid.

Confirmation of application to initiate insolvency proceedings

Examining the intactness of the application and confirmation of filing

An application to initiate insolvency proceedings shall be transferred for handling to the Insolvency Unit located in the debtor's residential district.

After receiving the application documents, the debtor will be sent a text message noting the number of the insolvency file opened and the name of the Execution Office branch that is handling it.

In the event where the application lacks details or documents the debtor will be sent a text message asking him to complete the application.
Where the debtors are represented the documents will be completed by means of filing an application in the personal area on the website. Debtors who are not represented may file the documents manually at the branch where the insolvency file was opened.

Where an application has not been completed with the necessary documents on time, after the debtor has been sent a warning, it will be closed and the fee paid in respect thereof will not be repaid.

The Insolvency Registrar's decision in the application

After the Secretariat has examined the application to ascertain its intactness, the application will be transferred to the Insolvency Registrar for his decision. The Registrar will examine the suitability of the application for the procedure.
If the Registrar finds that the conditions for initiating the insolvency proceedings are met, he will order that a hearing be summoned between the debtor and the creditors to discuss a payments arrangement.

Payments arrangement hearing

The payments arrangement hearing will be conducted by the Registrar's representative.
The purpose of the hearing is to reach an agreed payments arrangement between the debtor and the creditors as early as this stage, in order to conclude the proceeding speedily and effectively.
The payments arrangement will bind the debtor and the creditors who are a party to the arrangement and the debtor must take care to make the payments fixed therein.

Creditors' meeting

If the Registrar's representative has formulated a proposal for an arrangement but not all the creditors who are a party to the proposed arrangement have agreed to the proposal,

the Insolvency Registrar shall consider convening a creditors' meeting for the purpose of an additional attempt to reach a payments arrangement between the debtor and the creditors.
The creditors' meeting will be held before the Insolvency Registrar; a summons to the meeting will be sent to the debtor and the creditors.

Pay attention

Within the framework of the hearing, the Registrar may conduct a means inquiry on the debtor in the presence of the creditors.

Initiation of Proceedings Order



If no agreed payments arrangement has been formulated at the arrangement hearing or at the creditors' meeting, the Registrar shall give an Initiation of Proceedings Order.

The Initiation of Proceedings Order will be sent to the debtor and the creditors and a notice of the issuance of the Order will be published to the public.
Upon the issuance of the Initiation of Proceedings Order all the debtor's assets and liabilities will be managed within the joint framework of the proceedings for the purpose of distributing them to the creditors in accordance with the law.
Accordingly, creditors will not be able to take action against the debtor in individual Execution Office proceedings.

An Initiation of Proceedings Order shall include all or some of the following provisions, at the Registrar's discretion:

In the debt files

- Freezing proceedings
- Revocation of attachments
- Revocation of restrictions

Within the framework of the insolvency file

- Appointment of a trustee
- The imposition of restrictions:
  - A restriction on the use of a debit/credit card
  - Stay of exit from the country
  - A restriction on obtaining or holding a passport and extending its validity
  - A restriction as a special restricted customer at the bank
  - A restriction on forming or participating in the formation of a new corporation
- Determining a maintenance allowance
- Payments order
- Allocation of a monthly sum for a person entitled to alimony

The debtor must take care to make the payments determined in the Initiation of Proceedings Order

The interim period

The interim period shall commence on the date the Initiation of Proceedings Order is issued and shall continue until the Registrar issues a Financial Rehabilitation Order.

During the interim period the trustee appointed by the Registrar will perform a comprehensive examination with regard to the debtor's financial situation and the circumstances that led him to his situation.

The debtor must cooperate with the trustee, submit reports to the trustee regarding incomes and expenses as required and report to him for an investigation if he is summoned.

The trustee shall act to assemble the debtor's assets and distribute them among the creditors after he has given a ruling in the claims for debts filed.

Filing debt claims by the creditors

With effect from the date on which the Initiation of Proceedings Order is published and within 6 months the debtor's creditors may file a debt claim with the trustee.

For the attention of the creditors – no funds shall be distributed from the creditors' fund for a debt in respect of which no debt claim has been filed.

Debt claims by creditors who are represented by an attorney shall be filed online by means of software companies' interface or the personal area on the Kelim Shloovim (interwoven tools) website.

Creditors who are not represented may file the debt claim manually at the branch of the Insolvency Office where the debtor's insolvency proceeding is being conducted or at any other branch.

If there is a debt that the debtor has not declared within the framework of filing the application to initiate insolvency proceedings, the creditor will file the debt claim in the personal area on the Kelim Shloovim website.

A guide to filing debt claims may be found on the Law Enforcement and Collection System Authority website.

The debt claim must include all the necessary details and documents.

If a debt claim is received with incomplete details or missing documents the Registrar or the trustee shall be entitled to demand the amendment of the debt claim.

Financial rehabilitation order



The trustee shall file with the Registrar a report of the findings of his examination within 9 months from the date the Initiation of Proceedings Order is issued.

The report shall be transferred to the creditors for their information and they shall be entitled to transfer to the Registrar their comments on the report within 30 days of receiving it.

After the Registrar holds a hearing he shall issue the debtor a Financial Rehabilitation Order.

A Financial Rehabilitation Order shall contain all or some of the following provisions, at the Registrar's discretion:

- An obligation to make the payments imposed upon the debtor, the payments amount and the payments period
- The assets to be included in the creditors' fund
- The method of realizing the creditors' assets
- The restrictions to be imposed upon the debtor during the payments period
- Training in correct financial conduct
- Debts for which no exemption will be given

Immediate exemption

In the event where the debtor's earning capacity is lower than the maintenance allowance determined for him, no obligation to make payments shall be imposed upon the debtor in the Financial Rehabilitation Order, and the Registrar shall be authorized to grant the debtor an immediate exemption.

The immediate exemption shall be granted at the Registrar's discretion and when the conditions prescribed in the Law have been fulfilled.

Exemption

At the end of the payments period determined for the debtor in the Financial Rehabilitation Order, the Registrar shall examine the granting of an exemption to the debtor for his debts.

The exemption will be granted if the debtor has fulfilled all the conditions of the Financial Rehabilitation Order issued for him.

The exemption will exempt the debtor from the remainder of the debts which he is unable to repay out of his assets.



Pay attention

The assets in the creditors' fund are at the trustee's disposal and they shall also be realized after the exemption has been granted.

In addition, it is also possible to determine in the Financial Rehabilitation Order conditions designed for the period after granting the exemption.
As a rule, the exemption shall apply to the remainder of the debtor's debts which accumulated before the issuance of the Initiation of Proceedings Order, apart from the exceptions prescribed in the Law.

Debts to which the exemption shall not apply

- Punitive payments, such as fines
- A debt which was created by fraud or arising from the offence of theft, a sexual offence or severe violence
- An alimony debt which is a liability pursuant to a judgment

In addition, the Registrar may not grant exemption from a debt originating in compensation to the victim of an offence, if he has found that this is justified.

Distribution of the funds in the creditors' fund

If funds are received by the creditors' fund, they shall be distributed to the creditors according to the order of priority prescribed in the Law in accordance with the type of debt.

Revocation of the exemption

The Registrar may, at any time, order that the exemption be revoked retroactively in one of the following cases:

If new facts are revealed which the Registrar was not aware of before the date the exemption was granted.	If the debtor did not cooperate with the trustee, or after the date of the exemption he violated a substantive condition of the conditions of the Financial Rehabilitation Order.

In the event where the Registrar has revoked the exemption, he may order a change in the Financial Rehabilitation Order, including the extension of the payments period.

Revocation of the Initiation of Proceedings Order

The Registrar may revoke an insolvency proceeding that has been initiated at the request of the debtor if during the course thereof a defect occurred in the debtor's conduct and the defect adversely affected the conduct of the proceedings.

**The information brochure is written in the masculine gender, but wherever the masculine is used this also means the feminine gender.

You may contact us via the following contact channels:

רשות האכיפה והגבייה



The national Call Center

Via which you may book an appointment for a service meeting, obtain information about the procedure and be updated as to decisions.
The Center operates Sunday to Thursday from 08:00 to 18:00
Telephone 073-2055000 or *35592
When you call have ready the file number, identity card number and the date the identity card was issued.



Website

For receiving general information including downloading forms, you may visit the Law Enforcement and Collection System Authority website www.eca.gov.il.



Personal area on the website –

Allows you, at a time convenient for you and without unnecessary waiting, to catch up on the data in an insolvency file, including to view requests and the Registrar's decisions.
Password and registration for the service – you can receive a password on the Law Enforcement and Collection System Authority website, at the Call Center or in person during reception hours at the Execution Office branches.

Finding your way around the stages of the insolvency proceeding:

רשות האכיפה והגבייה

Filing an application to initiate an insolvency proceeding

Make sure to complete all the details of the application, and attach all the required documents

Pay attention - it is not possible to discuss an application that has not been submitted in full

Confirmation of receiving the application

Confirmation that the application has been received, file number and name of the branch dealing with it will be sent to the debtor by a text message If the application lacks details or Is missing documents a notice to complete the application will be sent

Payments arrangement

If the Insolvency Registrar approves the application, the debtor will be summoned to an arrangement meeting The Registrar's representative will contact the debtor and the creditors in order to formulate an agreed payments arrangement If an agreed arrangement is fixed, the debtor must take care to make the payments under the fixed arrangement

Creditors' meeting

In the absence of agreement to the arrangement, the Registrar shall be entitled to summon a creditors' meeting If an arrangement is made within the framework of the creditors' meeting, the debtor must take care to make the payments under the fixed arrangement

Initiation of Proceedings Order

If no agreed arrangement is formulated, the Registrar shall issue an Initiation of Proceedings Order Notice concerning the issuance of the Initiation of Proceedings Order shall be published to the public Within the framework of the Order restrictions will be imposed upon the debtor and a trustee will be appointed. If within the framework of the Order a payments arrangement is fixed, the debtor must take care to make the payments accordingly

The interim period

The trustee will conduct a comprehensive examination with regard to the debtor's financial situation It is possible that the trustee will summon the debtor to an investigation of his financial situation In addition, the debtor will be asked to file reports concerning his incomes and expenses At this stage the creditors will file debt claims After the examination, the trustee will submit his findings to the Registrar If the debtor has been ordered to make payments during this period the debtor must take care to make the payments accordingly

Financial Rehabilitation Order

After a hearing the Registrar will issue a Financial Rehabilitation Order The Order will contain provisions concerning the obligation to make payments, a maintenance allowance, the imposition of restrictions and training in correct financial conduct in cases where he sees fit

A decision on granting exemption

At the end of the fixed period of payments, the Registrar will examine granting an exemption, taking into account the compliance with the conditions prescribed in the Financial Rehabilitation Order

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