

Insights

President Signs Bankruptcy Threshold Adjustment and Technical Corrections Act of 2022

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As noted in our prior Alerts, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), which became law March 27, 2020, included various COVID-19 pandemic-related bankruptcy relief provisions which sunsetted on Saturday, March 27, 2021, but were extended by the "COVID-19 Bankruptcy Relief Extension Act of 2021" ("2021 Extension Act") through March 27, 2022. By the President's June 21, 2022, signature of the Bankruptcy Threshold Adjustment and Technical Corrections Act (the "BTATC Act"), Pub. L. No. 117-151, ____ Stat. ____, certain of these bankruptcy-related provisions of the CARES Act and the 2021 Extension Act now have been extended by through **June 21, 2024**:

- The BTATC Act once again increases the aggregate secured and unsecured debt eligibility threshold of the Small Business Reorganization Act of 2019 ("SBRA") for businesses filing under subchapter V of chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101, et seq. ("Bankruptcy Code"), to \$7,500,000, effective retroactively to cases commenced on or after March 27, 2020, through June 21, 2024 (i.e., two years after the date of enactment of the BTATC Act).
- The BTATC Act also provides that an individual with regular income is eligible to be a debtor under Chapter 13 if the individual owes noncontingent, liquidated debts of less than \$2.75 million as of the date of the petition. This provision also will sunset on **June 21, 2024**.
- The Official Bankruptcy Forms listed below have been revised to conform to the BTATC Act, effective June 21, 2022:

- Official Form 101, Voluntary Petition for Individuals (*revises line 13 – The Act reinstates the definition of “debtor” for determining eligibility to proceed under subchapter V of chapter 11 that was in effect from March 27, 2020, through March 27, 2022, under the CARES Act, as amended*).
- Official Form 201, Voluntary Petition for Non-Individuals (*revises line 8 - The Act reinstates the definition of “debtor” for determining eligibility to proceed under subchapter V of chapter 11 that was in effect from March 27, 2020, through March 27, 2022, under the CARES Act, as amended*).

Takeaway: The BTATC Act effectively preserves the status quo regarding the above-noted COVID-19 pandemic-related bankruptcy relief provisions through **June 21, 2024**.

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