

BANKRUPTCY ^{UP}DATE

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CARES Act Bankruptcy Provisions Extended

Last month President Biden signed into law the "COVID-19 Bankruptcy Relief Extension Act of 2021," which extends until March 27, 2022, the following provisions, among others, amending the Bankruptcy Code included in the CARES Act:

The Small Business Reorganization Act of 2019 was amended to increase the eligibility threshold for businesses filing under new chapter 11 subchapter V from \$2,725,625 to \$7,500,000 of debt.

For chapter 7 and 13 cases, the definition of "income" was amended to exclude coronavirus-related payments received from the federal government. Similarly, for a chapter 13 plan the calculation of disposable income will not include coronavirus-related payments.

The CARES Act permits current chapter 13 debtors to seek modification of their plan if they are experiencing a material financial hardship due to the pandemic, including extending their payments for up to seven years after their initial plan payment was due.

Link

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