

## **Expedited Bankruptcy Relief Extended for Small Businesses**

*(5/13/2021)*

In 2019, Congress enacted Subchapter V to provide expedited bankruptcy relief to small businesses with debts that did not exceed \$2,725,625. To address COVID-19 issues, in 2020, the debt limit for relief under Subchapter V was increased to \$7,500,000. The increased debt limit was set to expire on March 27, 2021.

Just hours before the deadline, President Biden signed the COVID-19 Bankruptcy Relief Extension Act (the "Extension Act"). It continues the increased debt limit in effect for another year. The Extension Act also permits individuals to seek COVID-19–related hardship modifications to their Chapter 13 bankruptcy plans. Most other bankruptcy-related provisions, such as authorization for bankruptcy debtors to obtain PPP financing, and exempting stimulus payments from the bankruptcy estate, are set to expire on December 27, 2021.