

## **\$7.5 MILLION DEBT LIMITATION FOR SMALL BUSINESS DEBTORS EXTENDED**

On Saturday, President Biden signed into law the COVID-19 Bankruptcy Relief Extension Act of 2021. This act extends the \$7.5 million debt limitation under the Small Business Reorganization Act of 2019 (SBRA) for another year, until March 27, 2022.

Last year, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to provide emergency assistance for individuals and businesses affected by the COVID-19 pandemic. The CARES Act temporarily increased the debt limitation under the SBRA from \$2,725,625 to \$7.5 million. The SBRA, which took effect on February 19, 2020, created Subchapter V of the Bankruptcy Code to provide a more streamlined and cost-effective reorganization option for small businesses. The \$7.5 million debt limitation increase under the CARES Act was set to expire on March 27, 2021.

The COVID-19 Bankruptcy Relief Extension Act of 2021 extends the bankruptcy relief provisions of the CARES Act, which most notably includes the \$7.5 million debt limitation under the SBRA, until March 27, 2022. As a result, small businesses with debts between \$2,725,625 and \$7.5 million will continue to be eligible for Subchapter V for another year.

For further information regarding the COVID-19 Bankruptcy Relief Extension Act of 2021 or insolvency concerns relating to bankruptcy or receivership, please contact attorney [Jessica K. Haskell](#).