

The Bankruptcy Threshold Adjustment and Technical Corrections Act

On June 21, 2022, President Biden signed into law the Bankruptcy Threshold Adjustment and Technical Corrections Act (BTATC). Significant actions from BTATC include the following:

- BTATC amends Section 1182(1) of the Bankruptcy Code to include the increased aggregate debt limit of \$7.5 million in Subchapter V's definition of a "debtor" and, upon sunset in two years from enactment, will revert and refer to the definition of a "small business debtor" in Section 101(51D) of the Bankruptcy Code. The Act also provided that the debt limit under 1182(1) is subject to inflation.
- BTATC applies retroactively to all cases commenced under Chapter 11 on or after March 27, 2020, that remain pending as of the date of enactment. Debtors who did not originally file under Chapter 11 Subchapter V are permitted retroactively seek relief under Subchapter V.
- BTATC increases, for two years, the debt limit for individuals filing for bankruptcy under Chapter 13 to \$2.75 million and allows both secured and unsecured debt to count towards this single limit.
- BTATC 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. As a result, line 13 of Official Form 101 – Voluntary Petition for Individuals Filing for Bankruptcy and line 8 of Official Form 201 – Voluntary Petition for Non-Individuals Filing for Bankruptcy are amended to reflect this change. These amendments will terminate two years after the date of the enactment of BTATC, unless extended.

The above list is not exhaustive. It does not include all changes made under BTATC. Rather, it is a list of the most impactful changes affecting day to day practice of the bar. The full text of BTATC, which includes all changes made by this legislation, can be accessed at: <https://www.congress.gov/bill/117th-congress/senate-bill/3823/text>