

Bankruptcy Dollar Amounts Set to Rise Significantly on April 1, 2025

February 11, 2025

Every three years on April 1, the dollar amounts in the Bankruptcy Code are adjusted to account for inflation. The April 1, 2025, increase will be approximately 13.2%, even larger than the nearly 11% increase three years ago.

Bankruptcy Code section 104 requires the Judicial Conference of the United States to publish the changes at least a month before they take effect. On February 4, 2025, the Judicial Conference published this year's increase in the Federal Register.^[1] The planned 13.2% increase in statutory dollar limits will affect nearly everything in bankruptcy that has a dollar limit, including

- the amount of property that a debtor may exempt from the estate,
- the maximum amount of certain "priority" claims, such as for employee wages and for deposits for certain undelivered products and services,
- the minimum aggregate claims needed to file an involuntary bankruptcy petition, and
- the aggregate debt limits used to determine which debtors qualify to file cases under chapter 13 or subchapter V of chapter 11.

Anyone who relies on specific dollar limits in the Bankruptcy Code should note these changes.

Note, subchapter V of chapter 11 previously had a debt limit of \$7,500,000, but as **we reported earlier**, this debt limit reverted on Friday, June 21, 2024, to \$3,024,725. The subchapter V debt limit will rise to \$3,424,000 on April 1, 2025, as part of this triennial adjustment.

Michigan has dollar limits for its own set of state-specific bankruptcy exemptions, and its dollar limits increase every three years as well. They increase on a different three-year cycle, though. They were **last increased March 1, 2023**, and are not set to increase again until 2026.

Miller Canfield advises clients regarding their rights in bankruptcy cases and related matters. Should you have any questions or wish assistance, please contact your Miller Canfield attorney or one of the authors of this alert.

[1] Adjustment of Certain Dollar Amounts Applicable to Bankruptcy Cases, 90 FR 8941-01.