

****STATUTORY DEMANDS UPDATE****

25 March 2020

An update following the release of the 'Statutory Demands' episode of the Think Foley's podcast.

The Coronavirus Economic Response Package Omnibus Act 2020 (Cth) received Royal Assent on 24 March. This means that, as of 25 March, the:

1. threshold for issuing a stat demand has increased from \$2,000 to \$20,000; and
2. time period for compliance has increased from 21 days to 6 months.

Please note that the:

- changes are temporary and will revert back to the old regime on 25 September, unless extended;
- changes aren't retrospective, so demands served before 25 March continue to operate under the old regime;
- prescribed form (Form 509H in Schedule 1 of the Corporations Regulations 2001 (Cth) has been updated;
- winding up procedures are unaffected, so creditors still have 3 months to commence winding up proceedings after expiry of the demand; and
- new law also includes mirroring provisions for bankruptcy notices served from 25 March (which now also have a \$20,000 threshold and 6-month compliance period) and impose a six-month moratorium on personal liabilities of directors for insolvent trading between 25 March and 25 September.

You can read the legislation in full here: <https://lnkd.in/f3mrrJu>

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Foley's List

