

Debt Collection Sydney – Statutory Demands and the Expiration of the Coronavirus Economic Response Package Omnibus Act 2020 amendments

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As a result of the COVID-19 pandemic, the *Coronavirus Economic Response Package Omnibus Act 2020* (Cth) was introduced, which resulted in various temporary changes to the *Corporations Act 2001* (Cth) and *Corporations Regulations 2001* (Cth) in respect of statutory demands.

These temporary changes include extending the time period for a company to respond to a statutory demand from 21 days to six months, and increasing the monetary threshold for a creditor to issue a statutory demand from \$2,000 to \$20,000.

These changes, which came into effect on 25 March 2020, are currently only applicable for a six month period which is due to expire on 25 September 2020. This means that any statutory demands served on or before 25 September 2020 must comply with the temporary changes.

Importantly, these changes only apply to statutory demands which are *served* between 25 March 2020 to 25 September 2020; not for debts which are incurred during the same period. This means that, on the basis that there are no extensions to these temporary amendments, a creditor can issue a statutory demand pursuant to the original requirements for debts incurred 25 March 2020 to 25 September 2020, as long as the statutory demand is served after 25 September 2020.



Accordingly, any creditors planning to issue a statutory demand would be benefited by waiting to issue the statutory demand after 25 September 2020 so that the original legislation requirements for statutory demands apply.

If you would like more information or advice in relation to insolvency, restructuring or debt collection Sydney, contact a Principal of the Matthews Folbigg Lawyers' Insolvency, Restructuring & Debt Recovery Group:

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