
Bankruptcy & Tax liabilities

Posted by Jacob - 2007/03/09 22:20

Its my understanding that the new bankruptcy laws do not wipe away a taxpayer's tax liability? If so, then how does someone every get out from under the tax liability?

What are some options for taxpayers who cant pay their taxes?

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Re:Bankruptcy & Tax liabilities

Posted by bigdaddy - 2007/03/23 20:57

The new bankruptcy laws are not too much different from the old laws. The new laws are meant to target those people that used to file bankruptcy and had assets, i.e., a person filing bankruptcy had substantial equity in his home; various checking accounts with a fair amount of money in them; people with stocks or other commodities that could have been liquited to pay a debt, etc.. If you have no money and cannot pay your bills the new laws work exactly the same way the old laws did. They do no affect the preson that truly needs the benefit of a bankruptcy.

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Re:Bankruptcy & Tax liabilities

Posted by Tomas P. - 2007/03/27 21:12

If a person does not have the ability to repay Uncle Sam and has no assets, then the IRS may negotiate a settlement with the taxpayer.

This is called Offer in Compromise. Caution: not many people qualify for such relief. You cant fraudulently transfer assets, you cant have to wherewithall to generate new income and you must have depleted your assets in order to even be considered.

Bankruptcy wipes out many unsecured debts, but the IRS and federal loans usually must be repaid.

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Re:Bankruptcy & Tax liabilities

Posted by bigdaddy - 2007/03/30 19:13

Is there a time limitation on when a fraudulent transfer is no longer a fraudulent transfer? What if I can the transfer two years in advance?

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Re:Bankruptcy & Tax liabilities

Posted by Brian - 2007/04/02 23:35

Actions for fraud are voidable when the fraud is discovered.

CHAPTER 566 FRAUDULENT CONVEYANCES AND CONTRACTS
UNIFORM FRAUDULENT TRANSFER ACT

GO TO CODE ARCHIVE DIRECTORY FOR THIS JURISDICTION

MCLS § 566.37 (2007)

MCL § 566.37

§ 566.37. Action for relief against transfer or obligation; right of creditor to execution on asset or proceeds.

Sec. 7. (1) In an action for relief against a transfer or obligation under this act, a creditor, subject to the limitations in section 8, may obtain 1 or more of the following:

(a) Avoidance of the transfer or obligation to the extent necessary to satisfy the creditor's claim.

(b) An attachment against the asset transferred or other property of the transferee to the extent authorized under section 4001 of the revised judicature act of 1961, 1961 PA 236, MCL 600.4001, and applicable court rules.

(c) Subject to applicable principles of equity and in accordance with applicable court rules and statutes, 1 or more of the following:

(i) An injunction against further disposition by the debtor or a transferee, or both, of the asset transferred or of other property.

(ii) Appointment of a receiver to take charge of the asset transferred or of other property of the transferee.

(iii) Any other relief the court determines appropriate.

(2) If a creditor has obtained a judgment on a claim against the debtor, the creditor, if the court so orders, may levy execution on the asset transferred or its proceeds.

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Re:Bankruptcy & Tax liabilities

Posted by bigdaddy - 2007/04/03 12:45

While I understand the statute allows for recoupment of so-called "fraudulent transfers," I could have sworn that a transfer that is a year or two old is exempt from the statute. I need to look into this, unless someone has the answer on the tip of their fingers?

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Re:Bankruptcy & Tax liabilities

Posted by Jackie - 2008/04/27 03:05

Taxes and student loans do not get discharged through a bankruptcy, the bankruptcy petition even states that.

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Re:Bankruptcy & Tax liabilities

Posted by norton - 2008/04/28 14:49

Your likely thinking of what is called a preference. A transfer made within 1 year of the bankruptcy. Which is generally undone by the trustee.

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