

Seminar on Dischargeability of Taxes in Bankruptcy (Bankruptcy Court of Eastern District of Missouri – 12/3/2009)

This seminar I attended was sponsored by the Bankruptcy Court of the Eastern District of Missouri. The topic was the dischargeability of taxes in a bankruptcy proceeding. The major topic covered was the dischargeability of income taxes in certain circumstances covered by the three-year look-back rule. Also discussed was the non-dischargeability under Chapter 13 proceedings of withholding and sales taxes and taxes due under unfiled returns, late-filed returns or taxes that are assessed after a federal audit.

The seminar was conducted by attorneys representing the Missouri Department of Revenue and the U.S. Trustee. The basic take-away from this seminar was that if people timely and truthfully file their income tax returns, taxes due under those returns may sometimes be discharged. However, if debtors don't file, file late, or are audited and then have to amend their income tax returns, it limits the dischargeability of taxes due. Also, if a debtor is the responsible party for any entity that has the obligation to pay withholding or sales taxes, those taxes will not be discharged in a bankruptcy proceeding.