

Bankruptcy Tax Issues

Course Description

The Bankruptcy Abuse Prevention and Consumer Protection Act was enacted to minimize abuse of the bankruptcy system. Included in this Act were tax law changes and other changes that individuals, partnerships, and corporations will see in the bankruptcy procedures and qualifications. This mini-course both examines these changes that debtors will face when filing for federal bankruptcy and also explores the many tax issues of bankruptcy. Practitioners will also learn about other issues such as homesteading and garnishment by creditors.

Completion Deadline & Exam: This course, including the examination, must be completed within one year of the date of purchase. In addition, unless otherwise indicated, no correct or incorrect feedback for any exam question will be provided.

Course Level: Overview. This program is appropriate for professionals at all organizational levels.

CPE Credits: 2 (CPA, EA)

Category: Taxation

Prerequisite: General understanding of federal income taxation.

Advanced Preparation: None

Course Learning Objectives

Lesson 1: Bankruptcy Tax Issues

1. Recognize the 2005 Bankruptcy Act by identifying changes to bankruptcy procedures and qualifications naming the three most common types of bankruptcy filings and identify the appropriate bankruptcy filing using a debtor's status as an individual or business and their ability to pay off creditors.
2. Define the scope of the automatic stay, the recoupment preferential transfers, and the priority of creditor claims categorizing dischargeable and nondischargeable debts based on bankruptcy filing.
3. Outline the creation of a separate individual bankruptcy estate showing its taxable income, appropriate deductions, and special tax year elections and define individual, partnership and corporate bankruptcy noting filing bankruptcy requirements, debt discharge and asset liquidations including reorganizations.

4. Recognize the purpose of homestead laws and available homestead types including the degree of homeowner protection afforded and identify the special rules, terms, and application of garnishment laws.