



51A Middle Street Newburyport, MA 01950  
Phone: 800-588-7039 Fax: 877-902-4284  
[contact@bhfe.com](mailto:contact@bhfe.com) [www.beaconhillcpe.com](http://www.beaconhillcpe.com)

## Course Information

---

**Course Title:** *Tax Guide to Bankruptcy #4916*

**Number of continuing education credit hours recommended for this course:**

**CFP®:** 2 (All States)  
CFP Board sponsor number: 1008.

**CPA:** 3 (All States)  
In accordance with the standards of the CFP Board, the National Registry of CPE Sponsors and the IRS, CPE credits have been granted based on a 50-minute hour.  
National Registry of CPE Sponsors ID Number: 107615.  
Sponsor numbers for states requiring sponsor registration:  
Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)  
Hawaii Board of Public Accountancy: 14003  
New York State Board of Accountancy: 002146  
Ohio State Board of Accountancy: M0021  
Texas State Board of Accountancy: 009349

**EA/OTRP:** 3 (All States) IRS: Qualified Sponsor number: *FWKKO*.

**CLU, ChFC/PACE Recertification: 3**

**Program Delivery Method:** Self-Study (NASBA QAS Self-Study/Interactive)

**Subject Codes/Field of Study:**  
CPA, CFP Board, NAPFA; Taxes.  
EA, OTRP: Federal Tax Law.

## **Course Level, Prerequisites, and Advance Preparation Requirements**

Program Level of Complexity

CFP Board: Intermediate

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

Prerequisites: Basic familiarity with federal taxation

Advance Preparation: None

## **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.

## **Course Content**

Publication/Revision date: 4/15/2014.

Course book: by Danny Santucci, J.D.

Final exam (online): Twenty questions (multiple-choice).

In order to receive CPE credit for this course, you must complete the course within one year of the date of purchase. This includes achieving a passing grade of at least 70% on the final exam. This exam may be retaken at no charge if not passed on the first attempt.

## **Instructions for Taking the Final Exam Online**

- Login to your account online at [www.bhfe.com](http://www.bhfe.com).
- Go to "My Account" and view your courses.
- Select "Take Exam" for this course and follow instructions.

## **Have a question?**

Call us at 800-588-7039 or email us at [contact@bhfe.com](mailto:contact@bhfe.com).

## **Learning Assignment & Objectives**

As a result of studying the assigned materials, you should be able to meet the objectives listed below.

### **ASSIGNMENT**

At the start of the materials, participants should identify the following topics for study:

- \* Tax law changes
- \* Bankruptcy types
- \* Automatic stay
- \* Preferences
- \* Priorities
- \* Debt discharge
- \* Individual bankruptcy estate
- \* Individual debtor
- \* Corporate bankruptcy
- \* Homesteading & garnishment

### **Learning Objectives**

After reading the materials, participants will be able to:

- 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.

After studying the materials, answer the exam questions 1 to 20.

# Table of Contents

Federal Bankruptcy .....	1
Means Testing .....	2
State Median Income Test .....	2
Means Test .....	2
Credit Counseling .....	2
Tax Law Changes .....	3
Chapter 13 "Superdischarge" .....	3
Subordination of Ad Valorem Tax Liens .....	3
Interest on Tax Claims.....	3
Tax Returns .....	3
Bankruptcy Types.....	3
Chapter 7 - Liquidation .....	5
Exempt Assets .....	5
Availability .....	6
Trustee Appointment .....	6
Chapter 11- Reorganization.....	6
Availability .....	7
Creditors' Committee .....	7
Reorganization Plan .....	7
Chapter 13 - Wage-Earner Plan.....	8
Availability .....	8
Repayment Plan .....	8
Trustee Appointment .....	8
Automatic Stay .....	9
Tax Assessment .....	11
Suspension of Statute of Limitation.....	11
Immediate Assessment .....	11
Levy.....	12
Tax Court.....	13
Tax Court Petition.....	13
Preferences .....	13
Trust Fund Taxes.....	14
Allocation of Tax Payments .....	14
Priorities .....	15
Super Priority Claims .....	15
Secured Claims.....	15
Federal Tax Liens .....	15
Priority Claims .....	16
Tax Claim Determination .....	16
Refunds.....	17
Priority of Tax Claims.....	18
First Priority Tax Claims .....	18
Second Priority Tax Claims.....	18
Third Priority Tax Claims.....	18
Eighth Priority Tax Claims .....	18
Debt Discharge .....	21
Chapter 7 Discharge .....	21
Chapter 11 Discharge .....	23
Chapter 13 Discharge .....	23

Discharge of Taxes .....	23
Tax Liens .....	24
Individual Bankruptcy Estate .....	26
Separate Entity .....	26
Tax Attribute Carryovers .....	27
Termination of the Estate .....	27
Filing Requirements .....	28
Disclosure of Return Information .....	29
Taxable Income .....	29
Taxable Year .....	30
Gross Income .....	30
Deductions & Credits .....	30
Administrative Expenses .....	30
Net Operating Loss Carryback .....	31
Transfers to Debtor .....	31
Partnership & S Corporation Interests .....	32
Request for Prompt Determination of Liability .....	32
Tax Liability .....	33
Individual Debtor .....	33
Tax Year Election .....	33
Annualizing Taxable Income .....	34
Making the Election .....	34
Later Bankruptcy of Spouse .....	34
Election Considerations .....	36
Transfers between Debtor & Estate .....	36
Net Operating Loss Carryback Limitation .....	36
Partnership Bankruptcy .....	36
No Separate Estate .....	36
Discharge of Debts .....	37
Corporate Bankruptcy .....	37
Exemption Return Filing .....	37
Personal Holding Company Tax .....	37
Tax-Free Reorganizations .....	37
§354, §355, & §356 .....	38
Corporate Liquidations under Chapter 7 .....	38
Carryover of Tax Items - §381 & 382 .....	39
Bankruptcy Exception .....	40
Reduction of Carryforwards .....	40
Section 269 Presumption .....	41
Homesteading .....	41
Types of Homesteads .....	41
Property & Equity Covered .....	41
Who Can Homestead? .....	42
Excluded Debts .....	42
Garnishment .....	43
Glossary .....	50
Keywords & Phrases .....	51