DOWNLOAD PDF CAN A DEBTOR INCLUDE MONTHLY PAYMENTS HE DOES NOT INTEND TO PAY IN ORDER TO PASS THE MEANS TEST?

Chapter 1 : 3 Ways to Get Clients to Pay Invoices Promptly - wikiHow

debtor to pay some debts, be discharged of the rest, and continue in business. Under Chapter 13, with an appropriate plan, a small business debtor can also pay some or all debts, be discharged of the rest and continue in business.

The editorial content on this page is not provided or commissioned by any financial institution. Nick Clements Dealing with a debt collection agency can be painful. Agencies have a reputation for pushing the boundaries of the law, using aggressive and sometimes illegal tactics, and bending the law to pressure people into making payments. In fact, at the Consumer Finance Protection Bureau a government agency that gathers financial services complaints , collection agencies are the fastest growing complaint category. And the main reason people complain: That complaint is often valid. The debt collection market has a high risk of fraud, abuse and simple human error. In this post, we wanted to make it clear: How a debt can end up with a collection agency The impact of a debt collection item on your credit score Seven things you need to know about a collection agency, and your rights Note: Custom Debt Relief Plan Why are they calling me? A collection agency will take control of your account when: Banks and credit card companies usually make the collection calls themselves during the first days. At this point, most major banks will hire a collection agency to collect the debt. And after a few more months, the banks will typically sell the debt to a collection agency. The business model of an agency is to collect more from you than they pay for the debt. That is why they are begging, prodding and pushing for any payment, however small. Another common type of debt to end up with a collection agency is medical debt. Your doctor or hospital decides when they hand the debt over to the collection agency, but it is usually around 60 days without payment. There are a lot of horror stories here, given the complexities of our medical system. Over 60 million people have medical collection items. But any debt can ultimately end up with a collection agency. If you owe money to your phone company, utility company, or anyone else â€” that debt can end up with an agency. This will have an impact on your score. Impact on your credit bureau A collection item has a big impact on your credit bureau. The higher your score, the more points your score can drop. For example, if you have a credit score, you could see your score drop 40 to 70 points from a single collection item. A collection items stays on your credit report for seven years. Fortunately, this is changing with FICO 9. If you pay off a collection item, the item will no longer be included in your FICO score. However, it will be awhile before banks start using FICO 9. In the current model, the only way for a collection item to disappear is to wait seven years from the date it is first reported. So, that means seven years from the date that you become days past due. The only way to have a collection item removed is for the collection agency to remove the debt. This means that you agree an amount to pay, and then the agency will remove the collection item from your account. Some collection agencies will offer this even though they technically are not supposed to do so. The closer you are to seven years, the more likely they are to deal with the debt. You can also dispute the item with the credit bureaus online. If the debt collection agency does not respond with proof of the debt in 30 days, then the item would be removed. Here are the links to dispute:

Chapter 2 : Bankruptcy - Wikipedia

(1) The debtor is generally not payÂ¬ing debts as they become due, or 2. (2) A general receiver, assignee, or custodian took posÂ¬sesÂ¬sion of or was appointed to take charge of substanÂ¬tially all of the debtor's property within days before the petition was filed.

And, of course, the prestige and experience of your attorney will also contribute to the amount you are charged for his or her services. Fortunately, prospective low-income filers have a number of options to help make the process more affordable. To start, those who cannot afford the pre-filing credit counseling and post-filing debtor education courses may be provided a free or discounted rate. Fee payments can be broken into as many as four installments but must be paid entirely no later than days after filing the petition. Your attorney may also offer a payment or installment plan to cover his or her fees, the structure of which will vary with the type of bankruptcy. For Chapter 13 bankruptcy, you may be asked to make a down payment before filing, including the mandatory filing fees. The remainder of your legal fees can be built into your bankruptcy repayment plan. Stop Paying Debts You Plan to Discharge One way to boost your pre-bankruptcy funds and help cover the associated fees is to stop making payments on debt you intend to discharge during bankruptcy, particularly Chapter 7. For example, if you are filing bankruptcy to get out from under overwhelming medical bills or credit card balances, giving money to those creditors right before filing bankruptcy is essentially wasting money you could put toward your fees. Secured debts, such as your mortgages or auto loan, cannot be discharged through Chapter 7 bankruptcy and may be foreclosed or repossessed respectively if you stop paying. Furthermore, any alimony or child support payments must also continue, as they cannot be discharged through bankruptcy. There may also be legal repercussions if you stop making payments, including stiff penalties or even jail time. The best place to start will likely be visiting the Legal Services Corporation LSC website to search for legal aid in your area. Keep in mind that the list for legal aid may be long, so try to get on the list as soon as possible if you know you will need pro bono help. The ABA encourages its members to complete at least 50 hours of pro bono work each year and many private attorneys will take some pro bono cases as a way to give back to their communities. The True Cost of Bankruptcy is to Your Credit For some people, bankruptcy seems like an ideal situation, the perfect way to eliminate their debt and start over new. Unfortunately, that idea is a fallacy; bankruptcy should always be considered the last, extreme option after all others have been explored. Indeed, regardless of the total financial cost of filing for bankruptcy, the biggest cost is often to your credit, rather than your pocketbook. This means many creditors will consider you high risk and be reluctant to offer you new lines of credit. Chapter 7 bankruptcies stay on your credit report for a full 10 years, showing up on every background check and credit pull you undergo for a decade. Chapter 13 bankruptcies only stick around for seven years â€” but that countdown starts when your bankruptcy has cleared. While the amount the bankruptcy influences your credit will lessen over time, the only way to remove the effects entirely is to wait out its shelf life. Debt Relief May Help You Avoid Bankruptcy Depending on the state of your finances â€" and your credit â€" you may be able to avoid bankruptcy altogether with the right help. In particular, a qualified debt relief program may help you restructure your existing financial obligations to make your payments more affordable and get you back on track for repayment. Types of Debt Relief The actual methods suggested by your debt relief company to handle your debts will depend on your personal situation. In general, debt relief plans will likely include one of, or some combination of, debt consolidation, debt management, and debt settlement. Perhaps the simplest of the options, debt consolidation is the best option for those who have not yet fallen far behind on their payments. Consolidation relies on your ability to qualify for a personal loan at a lower interest rate than your current debts. This new loan is then used to pay off your existing obligations, consolidating your debts into one loan and a single â€" hopefully lower â€" monthly payment. Those who cannot qualify for a consolidation loan may rely on debt management to get their obligations under control. An experienced debt management company will work directly with your creditors to help establish individual payment plans, often obtaining lower interest rates or extending payment terms to make payments more manageable. The only form of debt relief that can reduce how much you must repay, short of bankruptcy, is debt settlement. The debt settlement process will involve negotiations with your creditors to pay off your debt in one lump sum. The amount will generally be less than you owe, but more than the creditor could likely profit by selling your debt to someone else. Of the various types of debt relief, debt settlement can have the most negative impact on your credit. How to Select a Company No matter which type of debt relief you pursue, choose the company you work with carefully. An inexperienced or dishonest debt relief company could do more harm than good. Take a look at the services offered by each company, as well; not every company will offer every type of debt relief. Some companies may specialize in consolidation or management, while others will be more experienced with debt settlement. Nonprofit debt relief agencies will usually offer more affordable services than their for-profit counterparts.

Chapter 3 : Chapter 7 Means Test: Bankruptcy Eligibility

-- Can a debtor include monthly payments he does not intend to pay in order to pass the means test? -- What constitutes \"special circumstances\" sufficient to rebut the means test? -- If a debtor passes the mean test, is she home free?

Commit to action According to Rachel Kampersal, marketing communications and programs associate at American Consumer Credit Counseling, as soon as a debt collector contacts you, take action. Debt collectors can only call you during certain times and are required to give you a written notice of the debt. You have the right to challenge your debt, and you can even ask in writing for a debt collector to stop contacting you. But it can put a stop to unwanted calls. Debt collectors can only call you between 8 a. According to Kampersal, even one payment on a debt can mean you assume responsibility. You can double-check that the debt is yours by looking at your credit report or contacting the original lender. Filing a dispute starts an investigation to determine if the debt is yours. In this case, instead of making a payment, you need to pull out your records and dispute the balance. The statute of limitations is the number of years someone can sue you for a debt. Debt, where the statute of limitations has expired, is called time-barred debt. You can review the statute of limitations on debt for each state here. Agencies are allowed to contact you about time-barred debt. Making even a partial payment could restart the statute of limitations timer. Not sure how old your debt is? Ask for a debt verification to include the date of the last payment. The date of the last payment is typically the start of the timer for the statute of limitations. Pay attention to dates and stand your ground. You may still receive regular communication from an agency trying to collect time-barred debt. If collectors continue calling you about an old debt, send a written letter asking them to stop contacting you. The next step is taking a look at your budget and savings accounts to see what you can afford to pay per month toward the debt. Think twice before wiping out all your savings to repay it. If an emergency happens, you could end up relying on debt again, which can get you into more trouble. Set up a payment plan or negotiate a settlement You have a few options once you have an idea of how much you can afford to pay. You may be able to work out a payment plan. Another option is negotiating a settlement. As part of the settlement agreement, you may be able to have the collector delete the account from your credit report, according to Kampersal. This is called a pay-for-delete agreement. Be wary of debt settlement programs that negotiate on your behalf. Settlements with collections agencies can be worked out on your own. If you run into trouble, you can seek guidance from credit counseling organizations. Interview counselors and check their credentials. The Department of Justice keeps a list of counselors that are approved for pre-bankruptcy courses. Bankruptcy may not be on your horizon, but these counselors may also offer basic credit counseling services. You can check out the list of counselors here. Ultimately, the payment strategy you decide on will depend on your finances. If you go with the installment plan, Kampersal recommended avoiding an extended repayment schedule because it can increase the amount of time a negative remark stays on your credit report. All agreements made should be received by you in writing before you pay. Do not give access to your bank accounts A collections agency may ask to make automatic withdrawals from your bank account. Do not allow this to happen. According to Hubbard, when they have access to your bank account, they could potentially take more money than authorized. We will mention this more in a section below! You should be controlling your payments at all times and not allowing someone else to make withdrawals. The first is that certified funds are like cash. The second benefit is that both the bank and you have a record of the certified check. Keep record of your payments and communication Lastly, your job throughout the process of paying a debt in collections is keeping highly detailed records of each payment and communication. If you have phone conversations where changes to the agreement are made, request a written copy of the details. How to avoid being ripped off Here are the ways you should never make a payment: Do not sign up for an electronic payment, which requires you to disclose your routing number and account number. By doing that, you give the agency access to your checking account. If they take more money than you agreed to, it will become your word versus their word. And, if you owe the debt and have the money, it could be difficult to defend yourself. Do not write a personal check. Your routing number and account number are written at the bottom of your checks, and a devious collector could use that information to extract funds from your account. Do not pay with your debit card. Again, this makes it easy for the agency to process payments electronically. Get a letter of completion Ask for a letter of completion from the collections agency stating you have paid in full. The letter should come from an authorized signatory. If you make a settlement agreement with your agency, you get it in writing. The last thing you want is for them to come back and ask for more money. But this may not happen right away. According to Hubbard, the collections agency has 30 days to report to the credit bureaus. Again, any contact you have with the credit bureau or collections agency should be in writing. Typically, collections accounts impact your credit for seven years. But the length of impact may be shortened in some cases. Put your records in a safe place Even after repaying your debt, you need to hold on to your paperwork. You could get a call five, 10 or 15 years from now about a debt you paid off or settled. Debt can be sold in batches, which means collectors may not go in and check every individual account for accuracy before purchasing. The collections process can be somewhat of a free-for-all in this regard, and the onus is on you to know what you owe. It will ultimately become your word against the collection agency, and the only proof is paperwork. So, make sure you have a file and store all of your history in it. Facing your debt Getting a call or letter from a collections agency can be unpleasant and even embarrassing. Avoidance can cause bigger problems. Instead, come up with an action plan using the steps above. Now, we are not saying that all collection agencies are evil or have the intent to break the law. We are just saying that there is an elevated risk, and you can easily defend yourself. If something bad happens, it can be very painful. At worst, a dubious collection agency cleans out your checking account. You may win the money back in the end, but being without cash can be very difficult. Avoid the risks by planning ahead when you make a payment to a collection agency. And if you need help, find a credit counselor or attorney who can provide guidance. The products that appear on this site may be from companies from which MagnifyMoney receives compensation. This compensation may impact how and where products appear on this site including, for example, the order in which they appear. MagnifyMoney does not include all financial institutions or all products offered available in the marketplace.

Chapter 4 : Debt Collectors | State of California - Department of Justice - Office of the Attorney General

Having a single monthly payment can also make it easier to manage your bills, but Pizor said that should not be the primary motivation for consolidating debt. "Some places advertise debt consolidation by saying, 'Make one easy payment,' but just having one payment versus multiple payments, by itself, is not a reason to do it," Pizor said.

The debt collector could then garnish your wages and bank accounts, meaning it could take money from your paycheck or accounts. Make sure you respond by the date stated in the court papers so you can defend yourself in court. If you are sued, you may want to consult an attorney. The law protects you from abusive, unfair, or deceptive debt collection practices. Here is information about some common debt collection issues: What to do if a debt collector contacts you about a debt that you do not owe, that is for the wrong amount, or that is for a debt you already paid. Harassment and Call Restrictions: Common things debt collectors are and are not allowed to do. Debt collectors are only allowed to contact your employer or other people about your debt under certain conditions. Interest and Other Charges: Information about interest and fees that debt collectors may charge on your debt. What debt collectors may report to credit reporting companies. Debt collectors may not be able to sue you to collect on old time-barred debts, but they may still try to collect on those debts. When collectors can and cannot garnish your wages or benefits. Learn more about debt collection issues. Report a complaint if you believe a debt collector has violated the law. Disputing a Debt It is important that you respond as soon as possible if a debt collector contacts you about a debt that you do not owe, that is for the wrong amount, that is for a debt you already paid, or that you want more information about. Make sure you respond in writing to dispute the debt. Within five days after a debt collector first contacts you, it must send you a written notice, called a "validation notice," that tells you 1 the amount it thinks you owe, 2 the name of the creditor, and 3 how to dispute the debt in writing. Make sure you dispute the debt in writing within 30 days of when the debt collector first contacted you. If you do so, the debt collector must stop trying to collect the debt until it can show you verification of the debt. You should dispute a debt in writing if: You do not owe the debt; You already paid the debt; You want more information about the debt; or You want the debt collector to stop contacting you or to limit its contact with you. Send the dispute letter by certified mail with a return receipt, and keep a copy of the letter and receipt. They cannot swear, threaten to illegally harm you or your property, threaten you with illegal actions, or falsely threaten you with actions they do not intend to take. They also cannot make repeated calls over a short period to annoy or harass you. Debt collectors cannot make false or misleading statements. Debt collectors cannot call you at unusual or inconvenient times or places. Generally, they may call between 8 a. Debt collectors can contact you at your workplace unless they know or have reason to know that your employer prohibits you from receiving such contact. However, if you ask debt collectors not contact you at work, they must stop contacting you there. Make sure you send your request in writing, send it by certified mail with a return receipt, and keep a copy of the letter and receipt. Debt collectors may send you notices or letters, but the envelopes cannot contain information about your debt or any information that is intended to embarrass you. You may ask a debt collector to contact you only by mail, or through your attorney, or set other limitations. You also have the right to ask a debt collector to stop contacting you entirely. If you do so, the debt collector can only contact you to confirm that it will stop contacting you and to notify you that it may file a lawsuit or take other action against you. Remember that if you ask a debt collector to stop contacting you entirely, it may still sue you and may still report your debt to credit reporting companies, which will likely hurt your credit.

Chapter 5 : Wisconsin Lawyer: Chapter Wisconsin's Bankruptcy Alternative:

Not all courts allow a zero percent plan, but for those that do, a debtor who qualifies for a discharge in a Chapter 7 bankruptcy (or a three-year repayment plan) is in the best position to get a break on a Chapter 13 monthly payment.

Posted in Articles , Chapter 13 Bankruptcy , Chapter 7 Bankruptcy , Consumer Credit Counseling In this series on Credit Scores, I will discuss the various types of credit reports and the factors which influence your credit score. Credit scores are essentially a numerical grade of the information contained within the credit report. These scores are used by credit card issuers, auto lenders, mortgage companies, and other lenders to judge the applicants financial responsibility prior to issuing credit. Remember you can obtain your free credit report from each agency one time per year at www. Contact the attorneys at Fears Nachawati with any questions. Since their creation, FICO scores remain the most widely used scoring model by lenders with over an estimated 90 percent of the market share in of scores sold to firm for use in credit related decisions. Although there are different FICO scoring models, the scores generally range from to These scores were originally created to predict performance on credit obligations. However, today these scores are primarily used as educational scores for consumers. Each agency uses differing ranges of scores. Experian Plus Score ranges from It was developed as a competitor to FICO. VantageScore results range on a scale from The FICO score is generally based on five categories, each of which are weighted to have a varying impact on the overall score. These categories, sorted by overall importance, are: While a few late payments may not have a major impact on the credit score, numerous late payments, or a history of routinely late payments, will significantly drop the credit score. FICO specifically looks at how late the payments were made, how much was owed, how recently the late payments occurred, and how many late payments are on the account. Typically, late payments are reported as either 30 days late, 60 days late, 90 days late, days late, days late, or a charge off. Account types considered for payment history include credit cards, retail accounts i. Public records and collection items also fall under the payment history category, which include the filing of bankruptcy. Paying accounts on time, or a good track record on most of your accounts, will have a positive influence and increase your credit score. Credit scores are affected by the number of accounts you have with balances. In addition, the proportion of credit limits utilized will affect the credit score as well. For example, when someone is approaching their credit limit on a card, this may indicated that they are overextended and more likely to make late or missed payments. Having numerous recently opened accounts will negatively impact your score. In addition, the length of time from your last activity on an account may also lower your score. It is not necessary to have each type of credit account considered to establish good credit. However, it is also important not to open a lot of accounts you do not intend to use. Opening multiple credit cards in a short period of time may negatively effect your score. In addition, running up high balances on recently opened cards will also have a negative impact. Credit inquires also fall into the New Credit category when determining the credit score. Checking your credit report will not effect your credit score as long as the report is obtained directly from the credit reporting agency. Reports from all three may be obtained for free from www. Multiple credit inquires from creditors may negatively impact your score. However, numerous inquires in a short period of time, such as when shopping for a car, are typically treated as a single inquiry and will have little impact on the overall credit score.

Chapter 6 : Unsecured Debt in Chapter How Much Must You Pay? | calendrierdelascience.com

In order for the debtor to "cram down" the plan on the secured creditor, who has now made the Â§(b)(2) election, the debtor must propose a payment schedule that totals at least $, and which has a present value of $70, (the value of the collateral).

This is general legal information. For guidance about your situation, talk to a lawyer. Car Loan Collection and Repossession: Common Questions Last Updated On: What can the creditor do? Obviously, the creditor can wait to see if you catch up your payments. The creditor with a security interest in your car can come take the car from you. The creditor can declare that you now owe the entire amount of the loan. No more monthly payments. Usually, the creditor will do both. Can I lose my car? Yes, you can lose your car if all of the following things are true: Can you explain what some of those words mean? Suppose you borrow money to buy something, like a car. The contract will state the dollar amount of each payment each month, the date it is to be paid, and how many payments will be required. If you do not pay on the loan, the creditor can sue you for the money you owe. Most lenders will take an extra step to protect their right to be paid. The creditor usually also requires you to sign a "security interest" giving them a lien on the property you buy with the loaned money. The property you buy with the loaned money in this case, the car is called the "collateral. The creditor usually does not have to go to court first. They just come and take the car, because that protects the creditor more than suing you. The creditor with a security interest can legally come out and take the car from you or whatever it was you bought with the loaned money. The car will then be sold to someone else. The amount paid for the car will be used to pay some or all of what you owe to the lender. Often, the car is not sold for the amount that you owe to the lender. That means it is likely you will wind up with a legal debt. The creditor must meet a couple of requirements. The creditor then has to wait at least ten days to see if you catch up the payments. If you catch up your payments and late fees during the ten days, then the creditor cannot repossess your car. If the creditor does this, repossession may not be allowed unless you miss the new deadline and a new Ten Day Notice is mailed. A change in your due date may happen orally or in writing, or by your creditor repeatedly taking late payments without complaint or reservation. In this case, you no longer have the right to make payments over time. The creditor can sue you for the whole amount of the loan, not just the payments you have missed. If the creditor has accelerated, then you owe the entire amount of the loan. Making some payments will reduce the total amount you owe. But it will not pay off the entire loan. The creditor who has already accelerated can insist on full payment. The creditor might decide to take it easy, and give you another chance. But the creditor might decide to be tough, and give you no more chances. The law permits the creditor to go either way. Does the creditor have to tell me before he takes my property? The creditor does have to give you the Ten Day Notice. Can anyone use force to take my car from me? A creditor cannot "breach the peace" during the repossession of a vehicle. No one can legally use physical force against you to get what they want. Even if they are right and you are wrong. No one can legally make threats of physical harm against you, to get what they want. No one can legally break into your home or garage or business to take what they want. All of this applies to the creditor or repo man, also. They may have a legal right to take your car. But this does not mean they can use illegal actions to take your car. The creditor or the repo agents cannot use physical force against you to push you out of the way and get your car. The repo man cannot break a lock to get into the garage to take your car. Any of the following things is a breach of peace: Physical force or threat of physical force. Entering your house without permission. Taking your property from a closed garage without your permission. Taking your property over your objection. Pretending to be a police officer. Having a police officer present, unless the officer was court ordered to do so. Not leaving your property whether you own it or rent it after being asked to leave. If you object to a repossession in any manner, the creditor must leave. If the creditor does not leave your property they are trespassing. You may call law enforcement for help. If the creditor breaches the peace in repossessing your property, you may sue the creditor for damages or to stop the creditor from selling the property. Can someone repossess my car if it is in my garage? Creditors may not remove a car from a secured area such as a closed garage or a gated area that is locked. If your car is in a public parking garage or a driveway, a creditor can remove it. Can my car be repossessed any time of day? A creditor may repossess your car any hour of the day or night, without telling you first. What happens after repossession? After your property has been repossessed, a creditor can decide to keep it as full payment of your debt, or to resell it. A creditor must tell you in writing if he wants to keep your property as full payment of your debt. If you disagree, you have the right to demand that your property be sold instead. Most creditors prefer to sell your property. The creditor must send you a written notice if he sells your property. This notice must tell you that the money received from the sale will reduce the amount you owe. If the creditor gets less money than you owe, then you will still owe the difference. If the creditor gets more money than you owe, then you will get the extra money. Can I get my car back after it has been repossessed? West Virginia residents have the right to buy back "redeem" a repossessed vehicle. You must do this before the car is sold to someone else. To redeem the car, you must pay the entire amount due on the car loan. Sometimes a creditor will reinstate the car loan if the debtor can pay the past due amount as well as any fees associated with the repossession. If the loan is reinstated, you must stay current with your payments or the car will be repossessed again. I had other belongings in my car when it was repossessed. What happens to my personal belongings in the car? A creditor cannot keep or sell any property that was taken along with the property you were buying. This includes property you may have had inside a repossessed car. A creditor must take good care of your other property and return it to you. However, improvements and additions to the car such as a stereo or luggage rack become part of the car. The creditor can leave those in the car and sell them with the car. This depends on the amount you owed when the car was repossessed. If it was a relatively small amount, then the creditor has to make a choice. The creditor can repossess the car OR leave the car alone and sue you for the full amount you owe. One or the other, but not both.

Chapter 7 : How to Pay off a Debt in Collections - MagnifyMoney

Essentially, to qualify, a debtor must show that he or she is not able to pay a minimum of $ per month for 60 months to his or her unsecured creditors from his or her disposable monthly income in order to be eligible for Chapter 7.

Murrell weeping changes to federal bankruptcy law that took full effect on Oct. But Wisconsin residents have had an obscure state bankruptcy alternative available to them for decades that provides much faster and easier and, often, more preferable debt relief than does federal bankruptcy. This article introduces the personal debt relief afforded under Wis. The article provides a basic understanding of how this law works for attorneys who would like to integrate this Wisconsin debt-relief option into their practices. Chapter of the Wisconsin Statutes was established in and was modeled on selected provisions of the federal Bankruptcy Act of , as amended through The fairly short section of the chapter discussed in this article describes the legal foundation for establishing a personal receivership wherein, much like in a federal Chapter 13 "wage earners" bankruptcy, a person may amortize problem debts through a deliberate and scheduled repayment plan. But, to date, the statute has survived all such judicial scrutiny. The arrest of interest from accruing on debts is strongly supported by highly persuasive legislative history, which was compellingly discussed in a Wisconsin Lawyer article authored by attorney Ralph Johnson. Law School Dean Lloyd K. Garrison just one year after Wis. Murrell, Marquette , operates a solo practice in Milwaukee, with an emphasis on litigation in criminal defense, family law, consumer, bankruptcy, creditor-debtor law, and state and municipal licensing matters. He is admitted to practice in Wisconsin, New York, and the U. Because Garrison was principally responsible for section This history indicates that if interest accrual was preserved during the pendency of a section At the start of the process, an automatic stay goes into immediate effect against any creditors the debtor names who are subject to the jurisdiction of the state of Wisconsin, no matter where the creditors or their offices are situated. On filing of a section The creditor can and should report the judgment amount to the assigned trustee. All these steps are required when filing bankruptcy. The debtor begins the section Similar Protections as Filing Bankruptcy In addition to stopping interest from accruing on debts, the section Unlike in bankruptcy, however, a chapter debtor must repay all debts included in the plan. No debt may be discharged through a section The Bankruptcy Code requires a debtor to disclose every debt he or she has, regardless of size or type. When filing under section Still another important difference between the filing of section There is no requirement that a section Late rent and overdue utility bills, department store charge cards, state of Wisconsin-imposed fines, accounts already in collections, civil judgments, deficiencies, medical, dental, and veterinarian bills, and Wisconsin speeding ticket fines are some examples of financial liabilities that may be included. A debtor also may include secured debts, like those for house or car payments. But the law allows secured creditors to realize their security in the proceedings. However, secured debts such as home and car loans often have monthly payments that are too big for debtors to afford to include in a section Prerequisites for Filing Any adult Wisconsin resident whose principal source of income consists of wages or salary may file for relief under section Is the debtor at least 18 years of age? Is he or she a resident of any county in this state? If not, does the debtor plan to move to Wisconsin? Is he or she employed? If not, does the debtor have any steady source of income? An initial reading of the statute seems to dictate that the debtor must have a steady income from regular employment. However, case law developments have allowed these actions to be filed for people whose sole source of income consists of monthly unemployment insurance payments, Social Security disability benefits, or alimony. The trustee also determines, based on the amount of debts owed, how much will need to be paid into his or her office each month. In this event, the court must set a date for a hearing and give appropriate notice to the debtor, the creditor, and the trustee. The court must enter an order at the hearing, either approving the plan if the judge is satisfied it is feasible and equitable, dismissing the proceedings, or modifying the plan in a way deemed fair to the parties concerned. Moreover, the court may appoint a new trustee if objections to the current one cannot be resolved. If necessary, the trustee may prompt the debtor for more timely payments. The trustee pays listed creditors on a pro-rata basis. If there are insufficient funds to cover the expenses of making a distribution, the trustee is entitled to hold the funds until the full amount is available for distribution. Plan Flexibility and Debtor Abuse A section Such creditors typically are dismissed from the case immediately. However, the prohibition against collections, garnishments, and the like would no longer apply to the debt owed. Sometimes, settlement negotiations that at first seemed imminent and certain break down, and the court must be asked to reenter the creditor into the plan. Or, debtors may find that creditors not initially included in a plan threaten to bring collection actions. In these instances, debtors routinely seek, and normally are given approval, to add these creditors to the plan. The protections that exist against the initial creditors then are extended against those subsequently added. This arrangement is feasible only if a debtor is still in a position to repay the entire debt, including the amortized sums from the subsequent creditors, within the remaining time of the original plan. The decision about whether to file bankruptcy or to seek relief under section But Wisconsin residents in need of quick, effective debt relief should take full advantage of state law by filing under section It should be the first option explored by people living in this state who have more debts than they can handle and who are in need of professional help to get back on their feet. An Alternative to Bankruptcy, 63 Wis.

DOWNLOAD PDF CAN A DEBTOR INCLUDE MONTHLY PAYMENTS HE DOES NOT INTEND TO PAY IN ORDER TO PASS THE MEANS TEST?

Chapter 8 : 7 Things You Need to Know If You Have Debt in Collections

The means test was designed to limit the use of Chapter 7 bankruptcy to those who can't pay their debts. It does this by deducting specific monthly expenses from your "current monthly income" (your average income over the six calendar months before you file for bankruptcy) to arrive at your monthly "disposable income.".

A chapter 11 debtor usually proposes a plan of reorganization to keep its business alive and pay creditors over time. People in business or individuals can also seek relief in chapter Background A case filed under chapter 11 of the United States Bankruptcy Code is frequently referred to as a "reorganization" bankruptcy. In addition, no individual may be a debtor under chapter 11 or any chapter of the Bankruptcy Code unless he or she has, within days before filing, received credit counseling from an approved credit counseling agency either in an individual or group briefing. There are exceptions in emergency situations or where the U. If a debt management plan is developed during required credit counseling, it must be filed with the court. How Chapter 11 Works A chapter 11 case begins with the filing of a petition with the bankruptcy court serving the area where the debtor has a domicile or residence. A petition may be a voluntary petition, which is filed by the debtor, or it may be an involuntary petition, which is filed by creditors that meet certain requirements. A voluntary petition must adhere to the format of Form 1 of the Official Forms prescribed by the Judicial Conference of the United States. Unless the court orders otherwise, the debtor also must file with the court: If the debtor is an individual or husband and wife , there are additional document filing requirements. Such debtors must file: A husband and wife may file a joint petition or individual petitions. The Official Forms are not available from the court, but may be purchased at legal stationery stores or downloaded from the Internet at www. The final installment must be paid not later than days after filing the petition. For cause shown, the court may extend the time of any installment, provided that the last installment is paid not later than days after the filing of the petition. If a joint petition is filed, only one filing fee and one administrative fee are charged. Debtors should be aware that failure to pay these fees may result in dismissal of the case. Upon filing a voluntary petition for relief under chapter 11 or, in an involuntary case, the entry of an order for relief, the debtor automatically assumes an additional identity as the "debtor in possession. The term refers to a debtor that keeps possession and control of its assets while undergoing a reorganization under chapter 11, without the appointment of a case trustee. The appointment or election of a trustee occurs only in a small number of cases. Generally, the debtor, as "debtor in possession," operates the business and performs many of the functions that a trustee performs in cases under other chapters. Generally, a written disclosure statement and a plan of reorganization must be filed with the court. The information required is governed by judicial discretion and the circumstances of the case. In a "small business case" discussed below the debtor may not need to file a separate disclosure statement if the court determines that adequate information is contained in the plan. The contents of the plan must include a classification of claims and must specify how each class of claims will be treated under the plan. Creditors whose claims are "impaired," i. After the disclosure statement is approved by the court and the ballots are collected and tallied, the court will conduct a confirmation hearing to determine whether to confirm the plan. In the case of individuals, chapter 11 bears some similarities to chapter The Chapter 11 Debtor in Possession Chapter 11 is typically used to reorganize a business, which may be a corporation, sole proprietorship, or partnership. A corporation exists separate and apart from its owners, the stockholders. A sole proprietorship owner as debtor , on the other hand, does not have an identity separate and distinct from its owner s. Accordingly, a bankruptcy case involving a sole proprietorship includes both the business and personal assets of the owners-debtors. Like a corporation, a partnership exists separate and apart from its partners. Section of the Bankruptcy Code places the debtor in possession in the position of a fiduciary, with the rights and powers of a chapter 11 trustee, and it requires the debtor to perform of all but the investigative functions and duties of a trustee. These duties, set forth in the Bankruptcy Code and Federal Rules of Bankruptcy Procedure, include accounting for property, examining and objecting to claims, and filing informational reports as required by the court and the U. Other responsibilities include filing tax returns and reports which are either necessary or ordered by the court after confirmation, such as a final accounting. Railroad reorganizations have specific requirements under subsection IV of chapter 11, which will not be addressed here. In addition, stock and commodity brokers are prohibited from filing under chapter 11 and are restricted to chapter 7. By law, the debtor in possession must pay a quarterly fee to the U. Should a debtor in possession fail to comply with the reporting requirements of the U. In North Carolina and Alabama, bankruptcy administrators perform similar functions that U. The bankruptcy administrator program is administered by the Administrative Office of the United States Courts, while the U. For purposes of this publication, references to U. The committee is appointed by the U. Among other things, the committee: The Bankruptcy Code addresses this issue by treating a "small business case" somewhat differently than a regular bankruptcy case. A small business case is defined as a case with a "small business debtor. Determination of whether a debtor is a "small business debtor" requires application of a two-part test. In a small business case, the debtor in possession must, among other things, attach the most recently prepared balance sheet, statement of operations, cash-flow statement and most recently filed tax return to the petition or provide a statement under oath explaining the absence of such documents and must attend court and the U. The small business debtor must make ongoing filings with the court concerning its profitability and projected cash receipts and disbursements, and must report whether it is in compliance with the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure and whether it has paid its taxes and filed its tax returns. In contrast to other chapter 11 debtors, the small business debtor is subject to additional oversight by the U. Early in the case, the small business debtor must attend an "initial interview" with the U. Because certain filing deadlines are different and extensions are more difficult to obtain, a case designated as a small business case normally proceeds more quickly than other chapter 11 cases. For example, only the debtor may file a plan during the first days of a small business case. This "exclusivity period" may be extended by the court, but only to days, and only if the debtor demonstrates by a preponderance of the evidence that the court will confirm a plan within a reasonable period of time. When the case is not a small business case, however, the court may extend the exclusivity period "for cause" up to 18 months. The term "single asset real estate" is defined as "a single property or project, other than residential real property with fewer than four residential units, which generates substantially all of the gross income of a debtor who is not a family farmer and on which no substantial business is being conducted by a debtor other than the business of operating the real property and activities incidental. The Bankruptcy Code provides circumstances under which creditors of a single asset real estate debtor may obtain relief from the automatic stay which are not available to creditors in ordinary bankruptcy cases. Appointment or Election of a Case Trustee Although the appointment of a case trustee is a rarity in a chapter 11 case, a party in interest or the U. The court, on motion by a party in interest or the U. The trustee is appointed by the U. Alternatively, a trustee in a case may be elected if a party in interest requests the election of a trustee within 30 days after the court orders the appointment of a trustee. In that instance, the U. Section of the Bankruptcy Code requires the trustee to file a plan "as soon as practicable" or, alternatively, to file a report explaining why a plan will not be filed or to recommend that the case be converted to another chapter or dismissed. Upon the request of a party in interest or the U. The Role of an Examiner The appointment of an examiner in a chapter 11 case is rare. The role of an examiner is generally more limited than that of a trustee. The examiner is authorized to perform the investigatory functions of the trustee and is required to file a statement of any investigation conducted. If ordered to do so by the court, however, an examiner may carry out any other duties of a trustee that the court orders the debtor in possession not to perform. Each court has the authority to determine the duties of an examiner in each particular case. Sometimes, the examiner may be directed to determine if objections to any proofs of claim should be filed or whether causes of action have sufficient merit so that further legal action should be taken. The examiner may not subsequently serve as a trustee in the case. The Automatic Stay The automatic stay provides a period of time in which all judgments, collection activities, foreclosures, and repossessions of property are suspended and may not be pursued by the creditors on any debt or claim that arose before the filing of the bankruptcy petition. As with cases under other chapters of the Bankruptcy Code, a stay of creditor actions against the chapter 11 debtor automatically goes into effect when the bankruptcy petition is filed. The filing of a petition, however, does not operate as a stay for certain types of actions listed under 11 U. Under specific circumstances, the secured creditor can obtain an order from the court granting relief from the automatic stay. For example, when the debtor has no equity in the property and the property is not necessary for an effective reorganization, the secured creditor can seek an order of the court lifting the stay to permit the creditor to foreclose on the property, sell it, and apply the proceeds to the debt. The Bankruptcy Code permits applications for fees to be made by certain professionals during the case. In very large cases with extensive legal work, the court may permit more frequent applications. Although professional fees may be paid if authorized by the court, the debtor cannot make payments to professional creditors on prepetition obligations, i. The ordinary expenses of the ongoing business, however, continue to be paid. Who Can File a Plan The debtor unless a "small business debtor" has a day period during which it has an exclusive right to file a plan. This exclusivity period may be extended or reduced by the court. But in no event may the exclusivity period, including all extensions, be longer than 18 months. After the exclusivity period has expired, a creditor or the case trustee may file a competing plan. A chapter 11 case may continue for many years unless the court, the U. Avoidable Transfers The debtor in possession or the trustee, as the case may be, has what are called "avoiding" powers. These powers may be used to undo a transfer of money or property made during a certain period of time before the filing of the bankruptcy petition. By avoiding a particular transfer of property, the debtor in possession can cancel the transaction and force the return or "disgorgement" of the payments or property, which then are available to pay all creditors. Generally, and subject to various defenses, the power to avoid transfers is effective against transfers made by the debtor within 90 days before filing the petition. But transfers to "insiders" i. In addition, under 11 U. Avoiding powers prevent unfair prepetition payments to one creditor at the expense of all other creditors. Cash Collateral, Adequate Protection, and Operating Capital Although the preparation, confirmation, and implementation of a plan of reorganization is at the heart of a chapter 11 case, other issues may arise that must be addressed by the debtor in possession. The debtor in possession may use, sell, or lease property of the estate in the ordinary course of its business, without prior approval, unless the court orders otherwise. If the intended sale or use is outside the ordinary course of its business, the debtor must obtain permission from the court. A debtor in possession may not use "cash collateral" without the consent of the secured party or authorization by the court, which must first examine whether the interest of the secured party is adequately protected. Section defines "cash collateral" as cash, negotiable instruments, documents of title, securities, deposit accounts, or other cash equivalents, whenever acquired, in which the estate and an entity other than the estate have an interest.

DOWNLOAD PDF CAN A DEBTOR INCLUDE MONTHLY PAYMENTS HE DOES NOT INTEND TO PAY IN ORDER TO PASS THE MEANS TEST?

Chapter 9 : Chapter 11 - Bankruptcy Basics | United States Courts

If you do not pay on the loan, the creditor can sue you for the money you owe. Most lenders will take an extra step to protect their right to be paid. The creditor usually also requires you to sign a "security interest" giving them a lien on the property you buy with the loaned money.

The Bankruptcy Code authorizes a broad discharge, which provides a fresh start to "honest but unfortunate debtors," to fulfill one of its most fundamental purposes. A debtor may discharge all other debts in bankruptcy, but those exceptions remain postbankruptcy charges against the debtor. The exceptions are to be construed narrowly, and a creditor bears the burden to prove each element of an exception to discharge by a preponderance of the evidence. Many nondischargeable debts involve "moral turpitude" or intentional wrongdoing. When the Bankruptcy Code initially was enacted, section contained a short list of exceptions for certain types of wrongdoing, such as fraud, defalcation, and intentional torts. The list of exceptions has grown to nearly twenty, in addition to those exceptions contained in other portions of the United States Code. While the Commission did not whittle down the list to its original form, as some commentators have advocated, the Commission recommends certain specific clarifications and amendments to enhance fairness to all parties and to alleviate litigation, confusion, and nonuniformity. As was discussed in the first portion of this chapter, only the honest debtor is entitled to the extraordinary relief that a bankruptcy discharge provides. Section forecloses the availability of the Chapter 7 discharge to debtors who engage in fraudulent behavior. The Commission makes several moderate recommendations to section to help ensure the proper use of this important provision. A debtor who has engaged in fraudulent activity should not be rewarded with a discharge of a debt that was obtained through that fraud. For this reason, section a 2 A of the Bankruptcy Code excepts from discharge a debt for money, property, or an extension of credit to the extent it was obtained by false pretenses, a false representation, or actual fraud. This provision bears great similarity to its predecessor, section 17 of the Bankruptcy Act of In addition, if debtors make false statements in credit card applications that mislead a lender to extend credit, the resulting debts may be nondischargeable under section a 2 B. The courts seem to concur that application of this exception to credit card debt "has been fraught with doctrinal difficulty. A troubling consequence of this confusion is that ordinary credit card debt that was incurred honestly is declared nondischargeable -- while all other debts are discharged -- in the absence of any fraudulent action or intention. Because the debtor cannot afford to contest the charge, the debtor agrees to repay the debt postpetition without any judicial evaluation of whether the debtor committed fraud. When this occurs, both fundamental principles of bankruptcy are violated: At the same time, the credit card issuer has received preferential treatment over all other unsecured creditors of the same debtor. With the recommended change to reaffirmation procedures, it is necessary to address this side of the issue as well. Background on the Dischargeability of Credit Card Debt. A creditor that challenges the dischargeability of a debt under section a 2 A currently has the burden to show: Courts have taken disparate approaches to assess implicit "representations" made by the use of a credit card, to determine when a person had an "intent to deceive," and to identify "justifiable reliance" by the credit card issuer when the debtor made purchases on a valid credit card within the established credit limits for the card. The following discussion illustrates the disparity in application of the various elements of section a 2 A that lead to conflicting results. Use of a Credit Card as a Representation. When a customer has used a credit card and subsequently seeks to discharge that debt in bankruptcy, some courts have determined that the customer misrepresented that she was able to repay the resulting debt when she made the charge. This may be the case even if the lender had no expectation when the debts were incurred that the debtor had the present ability to repay the charges. The court said instead that most credit card fraud cases belong in the purview of section a 2 C , under which debts incurred on the eve of bankruptcy for luxury goods are nondischargeable. This conclusion was extrapolated from a Supreme Court decision that held that signing and submitting a check is not a factual assertion and is not capable of being true or false. Ill intent traditionally has been a crucial factor of fraud or false representation. Mans decision, the Court noted that Congress could have barred discharge on the basis of unintentional misrepresentations if it had wished, "but it would, however, take a very clear provision to convince anyone of anything so odd. Quite a few courts use objective factors to "infer" an intent to deceive the credit card issuer. Some courts carefully examine most or all of the aforementioned elements to determine whether or not the debtor demonstrated intent to repay. Even more difficult is the question of reliance, another essential component to the common law definition of fraud on which courts have been divided. In a section a 2 A case involving a land sale, the Supreme Court in Field v. Mans held that a creditor must prove that his reliance wasjustifiable; if the falsity of the representation should have been readily apparent to that particular creditor, the creditor will not prevail. It is unclear whether a credit card lender relies on each charge made by a consumer as an expression of solvency or intent. They simply presume that a credit card issuer is entitled to rely on each use of a credit card as a manifestation of an intent to repay. The element of reliance becomes even more elusive to some courts when applied to another modern credit device, the "live check. At least one court questioned how reliance could be proven in this context: As has been illustrated, courts are searching for a way to apply a traditional test to a novel transaction but are reaching vastly different results. It seems likely that until Congress takes action to establish clear cut guidelines in credit card nondischargeability cases under Code section a 2 A , divergent views among the courts will continue to proliferate. Unabated, the current situation will result in increased inconsistency of outcomes among cases resting on similar facts. That such lack of consistency is harmful to the system, should be obvious to all concerned. Although nondischargeability actions are brought by some lenders with great regularity, pursuing nondischargeability complaints under the current system simply is not cost effective for many other lenders, whether or not they have colorable claims. A bright-line rule would permit all credit card lenders to look to the same comprehensible test to determine whether a debt is nondischargeable and to proceed accordingly. Clarifying the law also would have a significant effect in the cases involving the poorest debtors who cannot afford to defend these actions. The current uncertainty leaves ample room for some creditors to threaten to bring nondischargeability actions even when they have no evidence of borrower misbehavior. This forces some innocent debtors to settle and agree to repay otherwise dischargeable unsecured debts. On the one hand, some debtors are represented by attorneys "who work for a flat fee and thus may be inclined to agree to an easy settlement. While some districts have local rules that require hearings for settlements for pro se debtors and impose standards parallel to the reaffirmation requirements, many courts do not review settlements of nondischargeability actions at all. Although the Bankruptcy Code contains a fee-shifting provision to encourage debtors to defend actions that are not substantially justified, the wide spectrum of interpretations of section a 2 A makes it is nearly impossible to show that a credit card debt nondischargeability action was wholly unjustified. Under the current system, economics force some honest debtors to settle nondischargeability actions, regardless of the merits. Putting aside the question of fee-shifting, an honest debtor cannot be certain that she will be able to defeat a finding of "implied fraud" that is constructed out of various objective factors. Thus, even when debtors incurred debt honestly, the confusion on the credit card nondischargeability standard serves as a collection device for the most aggressive creditors while the debts of other less aggressive creditors are discharged. A clearer bright-line rule for nondischargeability is needed. The Bankruptcy Code already contains several bright-line provisions that establish lookback periods for activities occurring directly prepetition, such as the day period to void preferential transfers. As the current case law demonstrates, the elements of fraud are handled in a disparate fashion, with some elements ignored or others conflated because they are so difficult to prove in the credit card usage context. Moral issues surrounding the proliferation and use of credit cards provide an additional overlay onto an already-difficult analysis, and conflicting value judgments may be playing a large role in the determination of these disputes. In addition, judicial time and resources in the bankruptcy system are at a premium, and case-by-case analyses may be too costly and require other sacrifices. All things considered, a "rough justice" standard that does not require litigation of the underlying principle in each case may be the fairest method to identify debts that should be excepted from discharge. The Day Bright-Line Test. The Commission recommends that debts incurred within 30 days of bankruptcy be excepted from discharge. If Congress adopts this Recommendation, section a 2 C would be repealed and section a 2 A no longer would be available for routine credit card use pursuant to a valid credit card agreement. The Commission settled specifically on the day period after considering and debating proposals for both shorter periods and longer periods. The original Recommendation contained a day lookback period, which some Commissioners and creditors believed was too narrow a window. Others recommended longer periods such as 60 days. However, the justification for a time-cleavage approach breaks down as the nondischargeability period is enlarged. Timing creates a sufficiently strong inference that certain credit card debts incurred shortly before a bankruptcy filing were incurred in contemplation of the filing and should be nondischargeable. The Proposal reflects the view that 30 days is the outside edge for the length of time that this inference may be supported. Every day that the nondischargeability period is extended, it becomes less probable that the debts were incurred in contemplation of bankruptcy and increasingly difficult to rationalize the preferential treatment of credit card debts over other unsecured debts. A day lookback period would have had to be presumptive, which would provoke the same litigation problems facing the current system. Even with a day rule, some debtors who have used their credit cards within the month before bankruptcy will not have done so in contemplation of bankruptcy. Excepting debts from discharge based on bright-line tests, such as the recommended 30 days, does not isolate only those debts incurred with ill-intent. Therefore, this approach arguably conflicts with discharge policy. The bright-line test may capture the credit card debts of only innocent individuals, including those with no legal representation or those dealing with emergency situations. However, the proposed day rule would be less prejudicial to honest debtors than many of the rules currently used to determine the dischargeability of credit card debt. Honest debtors would be at less risk of being forced to settle nondischargeability actions of questionable merit. The Proposal represents a compromise: The solution is not perfect, but no single approach will be wholly satisfactory, either in theory or in practice. At the same time, a bright-line nondischargeability rule might be perceived as too permissive towards sophisticated debtors who carefully plan the timing of their bankruptcy filings. An individual who can wait 30 days to file will avert the potential nondischargeable status of these debts. Credit card lenders are in a superior position to expand or limit their risks when they determine their standards for lending unsecured debt. Bankruptcy cannot guarantee across the board protection against losses for one type of creditor after the fact. According to some people, all credit card debts incurred during financial distress should be excepted from discharge, even if the debtor was making the minimum monthly payments and the charges were incurred within the terms of the credit card agreement. Credit card debts incurred to pay nondischargeable taxes raise slightly different concerns because Congress already has carved out these debts for special treatment. Since the Bankruptcy Reform Act of , the Bankruptcy Code has excepted from discharge debts incurred to pay federal taxes "that would be nondischargeable pursuant to paragraph 1 of section a. With this limited application, the published case law indicates that section a 14 seldom has been used; an on-line search of the published case law reveals that this provision has been cited in only a few reported decisions and has provided the basis for nondischargeability in one case. Congress recently amended the laws to permit the Internal Revenue Service to accept payment of taxes by credit card and other commercially acceptable means. A lender must establish that the funds were used to pay a nondischargeable federal tax liability, but need not prove intent not to repay. Any tracing problems that might have resulted in the context of cash advances will be minimized whenever consumers pay the Internal Revenue Service directly with credit cards. To put this provision in the context of the proposed change to section a 2 A , section a 14 would provide an exception to the proposed general rule governing nondischargeability of credit card debt. The beneficiaries of this exception are credit card lenders, not the government. If a consumer paid taxes with a credit card and subsequently filed for bankruptcy, the government would not experience a loss even if the credit card debt were discharged. Like any entity that accepts credit cards, the IRS is not required to give the money back to the credit card company if the debtor defaults on a credit card obligation. Because the tax obligation already has been satisfied, this exception to discharge allows a credit card lender to collect an unsecured, nonpriority credit card debt postbankruptcy, without showing any proof of fraudulent intent, merely because the debtor happened to use that credit card to pay for taxes instead of groceries. Consumers paying taxes on credit cards who pay the debt off over time will be paying a very high interest rate on their tax payments, which presumably is nondischargeable as well. However, the provision reinforces the principle that citizens must bear responsibility for certain tax obligations, regardless of their methods of payment. The exception to discharge for tax debts paid by credit card emphasizes the important message that payment of taxes is an obligation shared by all.