

Acclaimed Bankruptcy Attorney, Charles Daff, Examines Bankruptcy and Tax Debt

By Charles Daff

LOS ANGELES, CA, UNITED STATES,
September 4, 2020 /EINPresswire.com/
-- Bankruptcy - Bankruptcy and Tax
Debt:

Most tax debt cannot be discharged in bankruptcy, and you are still required to pay the IRS if you file for bankruptcy.

Declaring bankruptcy can offer individuals who are drowning in a magnitude of debt a sense of financial relief. However, if part of your debt includes taxes, you may not get the relief for which you are searching. Nevertheless, bankruptcy could put an end to IRS harassment.



Tax Debt and the Automatic Stay:

If you have overdue taxes, the IRS will begin their collection efforts with a notification. Then, every three months, they will send an additional letter, each more serious than the last. After a few months, these letters will turn into legal notices. Some of these notices may involve liens, seizing accounts and funds, and even garnishing wages. When you file for bankruptcy, you enter an automatic stay. The automatic stay is essentially a pause button on threats and harassments from creditors, including the IRS, contacting you regarding your overdue payments.

Discharging Tax Debt:

As previously stated, most past-due taxes are not dischargeable. For most, you will continue to owe back taxes at the end of your Chapter 7 bankruptcy case. As for Chapter 13 bankruptcy, you

will fully repay them in your repayment plan. However, like most rules, there are exceptions to discharging tax debts. If you need to discharge it, Chapter 7 bankruptcy is your only option.

Tax Debt and Chapter 7 Bankruptcy:

If each of the following items is true and you qualify for Chapter 7 bankruptcy, you can discharge tax debts:

Overdue taxes and income taxes – If your past-due taxes are payroll taxes or fraud penalties, these cannot be discharged.

Fraud was not committed, nor willful evasion – If you have committed bankruptcy fraud or purposefully evaded taxes, you cannot discharge tax debt.

Your debt is three years or older – If your debt is less than three years old, your debts cannot be discharged.

A tax return was filed – If a tax return was not filed, your tax debt cannot be discharged.

You pass the 240-day rule – If the IRS has not assessed your debt 240 or more days before filing, your debts are not dischargeable.

Tax Debt and Chapter 13 Bankruptcy:

In the majority of Chapter 13 bankruptcy cases, debts cannot be discharged. Instead, as previously mentioned, you will repay your taxes during your repayment plan, spanning either three or five years.

Contact Charles W. Daff, Bankruptcy Attorney:

If you have tax debt and are considering filing for bankruptcy, you need an experienced and creative attorney on your side. With nearly 40 years of experience in bankruptcy law, Charles W. Daff, Bankruptcy Attorney, can help you get the stress out of your finances. If you are in the Orange County, California, area and require a skilled and professional bankruptcy lawyer, contact the bankruptcy relief experts today to schedule your free consultation.

[Charles Daff](#)

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College of Law in June 1977 with a Juris Doctorate Degree. He graduated from California State University, Fullerton in June 1974 with a B.A. Degree in Political Science. Charles W. Daff has resided in Orange County, California since 1970 where he attended college, attended law school and currently maintains his practice of law. Charles W. Daff was admitted to the State Bar of

California in December 1977. He is admitted to all the state courts in the State of California and all of the United States District Courts in California. In September 1987, he was appointed to the Chapter 7 Trustee Panel by the Office of the United States Trustee, Orange County Office and currently services as a Chapter 7 Panel Trustee in the Riverside Division of the court. He is a member of the State Bar of California, the Orange County Bar Association, (and its Commercial and Bankruptcy Section), National Association of Consumer Bankruptcy Attorneys, Orange County Bankruptcy Forum, Inland Empire Bankruptcy Forum and American Bankruptcy Institute and National Association of Bankruptcy Trustees. He was designated a "Super Lawyer", an award granted to the top 5% of attorneys in Southern California.

Since February 1995, Charles W. Daff has been a Specialist in Personal and Small Business Bankruptcy Law as certified by the California Board of Legal Specialization, State Bar of California. Charles W. Daff has been a member of the Advisory Commission for the Personal and Small Business Bankruptcy Specialist Commission for the State Bar of California and was a member of the Advisory Commission from September 1999 through September 2002 and September 2007 through September 2010.

He speaks on bankruptcy issues for a variety of groups and organizations, including the National Business Institute, the Orange County Bankruptcy Forum, Inland Empire Bankruptcy Form and Orange County Bar Association. Attorney Charles W. Daff assists clients with Debt Relief, Personal Bankruptcy, Chapter 7, Chapter 11, Chapter 13, Foreclosure, Garnished Wages and Repossessions in Santa Ana, California as well as Irvine, Orange, Garden Grove, Tustin, Anaheim, Fountain Valley, Villa Park, Fullerton, Atwood, Costa Mesa, Midway City, Westminster, Stanton, Placentia, Newport Beach and Yorba Linda in Orange County, Los Angeles County, Riverside County and San Bernadino County.

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