ADVISING SMALL BUSINESS CLIENTS IN CHAPTER 13



UT LAW 16TH ANNUAL CONSUMER BANKRUPTCY PRACTICE



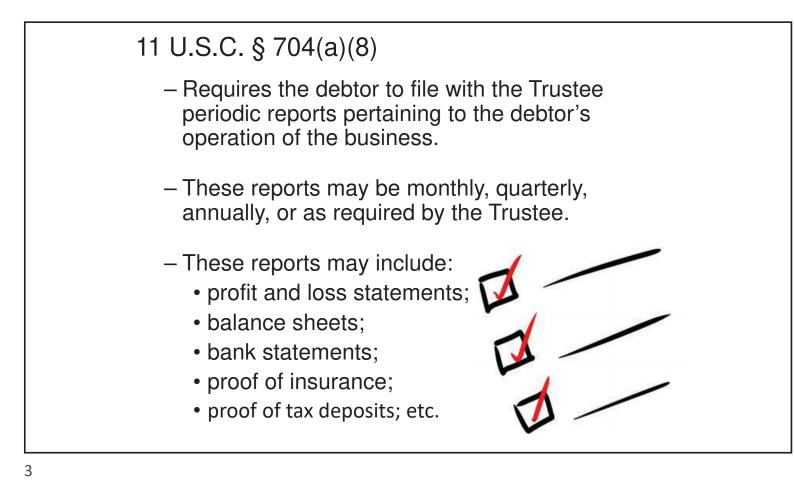
Debtor Engaged in Business 11 U.S.C. § 1304

(a) A debtor that is self-employed and incurs trade credit in the production of income from such employment is engaged in business.

(b) Unless the court orders otherwise, a debtor engaged in business may operate the business of the debtor and, subject to any limitations on a trustee under sections 363(c) and 364 of this title and to such limitations or conditions as the court prescribes, shall have, exclusive of the trustee, the rights and powers of the trustee under such sections.

(c) A debtor engaged in business shall perform the duties of the trustee specified in section 704(a)(8) of this title.

1



Federal Rule of Bankruptcy Procedure 2015

(c) Chapter 13 Trustee and Debtor.

(1) Business Cases.

In a chapter 13 individual's debt adjustment case, when the debtor is engaged in business, the debtor shall perform the duties prescribed by clauses (2)-(4) of subdivision (a) of this rule and, if the court directs, shall file and transmit to the United States trustee a complete inventory of the property of the debtor within the time fixed by the court.

Chapter 13 debtor engaged in business has a

DUTY:

- (1) To keep records of receipts, expenses, and assets;
- (2) To file reports; and
- (3) To give notice of the case to every entity holding money or property of the debtor (i.e. banks, credit unions, utilities, landlords, insurance companies which hold a policy with a cash value, etc.).

Fed. R. Bankr. Pro. 2015 (a)(2)-(4)

Factors in Identifying a Business Case

- 1. The petition contains a "D/B/A."
- 2. Debtor is self-employed on Schedule I.
- 3. Debts include loans for business assets or trade credit incurred in the production of income.
- 4. Debtor has one or more employees.
- 5. Debtor owes 940/941 taxes; personal property taxes for fixtures, furniture, and equipment.

5

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the <u>UT Law CLE eLibrary (utcle.org/elibrary)</u>

Title search: Advising Small Business Clients in Chapter 13

Also available as part of the eCourse 2020 Consumer Bankruptcy eConference

First appeared as part of the conference materials for the 16th Annual Conference on Consumer Bankruptcy Practice session "Advising Small Business Clients in Chapter 13"