

TAX ISSUES IN BANKRUPTCY AND INSOLVENCY

Second Edition

By
Willard D. Horwich, J.D., C.P.A.



Civic Research Institute

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This book is dedicated to my wife, Deloris. She has given me inspiration to add something to the practice of law and accounting. She has been a source of love and companionship far beyond any expectation.

Acknowledgments

This book is the distillation of over forty years in the practice of law, dealing with the tax problems of individuals and small businesses. Some of my clients have been successful and some of them have been less than successful, but the contributions of clients, at both ends of the spectrum, have shaped the content of this book.

I cannot take credit for this entire work, as there have been contributions from my experiences with clients, judges, opposing attorneys, and fellow practitioners. To that extent, the credit for this book belongs not only to me, but to all those persons with whom I have dealt. Naturally, any errors in the text or in the examples are mine alone.

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Last, but not least, the assistance of my editors, Fran Stevens and Lori Jacobs, has helped make the book one that is both usable and readable. They have taken the content of this book in draft form, and turned it into readable English, and all who read this book will profit from their input and insight.

Willard D. Horwich
July 2011

How to Use This Second Edition

This Second Edition of *Tax Issues in Bankruptcy and Insolvency* brings the subject matter of the first edition up to date. This edition covers the recent changes in bankruptcy law and tax law as they apply to taxation and insolvency issues, as well as related recent developments. There have been many decisions since the publication of the First Edition; this Second Edition is current to July 1, 2011.

A new chapter has been added, discussing the subject of tax liens as a part of the collection process. Tax liens create a security position for the Internal Revenue Service, and the interrelationships between tax issues such as cancellation of debt income and the favored position of the Internal Revenue Service as a security creditor, are subjects of significant importance in the advising of clients and in the representation of the debtors and creditors alike in the bankruptcy situation.

There are tables of cases and federal statutes and regulations and a topical index at the end of the book.

About the Author

Willard D. Horwich, J.D., C.P.A., has been a member of the State Bar of California since 1959. He is also a certified public accountant and has been an adjunct professor of tax law at Golden Gate University in California. He is the author of several books and articles on tax subjects and a lecturer at tax programs. He is a graduate of UCLA, both undergraduate and the law school. His practice deals primarily with tax litigation and planning.

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