

**INFORMATION REGARDING REQUEST FOR DEBTOR TO
RETAIN ANNUAL INCOME TAX REFUNDS**

11 U.S.C. §1325(b) (1)(B) requires that the debtor turnover all projected disposable income. Projected disposable income includes tax refunds unless: (1) the debtor can demonstrate a need to retain the tax refunds; or (2) Schedule I – Statement of Income includes as income 1/12th of the anticipated refund and the refund closely equals this amount. Typically, the need to retain tax refunds is the result of unexpected expenses that arises post petition or the lack of funds to budget for certain expenses on Schedule J. If a debtor has such a need you may submit a Stipulation for Debtor to Retain Annual Income Tax Refund to the Trustee. Attach supporting documents, such as outstanding bills, estimates, etc. with the Stipulation. The Trustee will review the Stipulation and if the Trustee agrees will approve the Stipulation. The Stipulation will be returned to counsel and the Stipulation is to be filed with the Court so that creditors have notice of the decision to determine the tax refund is not disposable income. If the Trustee disagrees the Debtor can file a Motion to Retain Annual Tax Refund and allow the Court to determine if the refund is or is not additional disposable income. A sample of a Stipulation is attached.

If you have any questions pertaining to a Stipulation for Debtor to Retain Annual Income Tax Refund please contact the Trustee or a Staff Attorney.