

## Discharge of Tax Debts when your Return is filed Late

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Tuesday, 31 July 2012 00:00 -

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In general, tax debts are not necessarily dischargeable. However, there are some circumstances where tax debts do become dischargeable in Bankruptcy. If your taxes have been due for at least the three prior years when the return was actually filed and least two years since any assessment.

There are some different issues that can arise in determining the time standard; including, if filing an extension to file a return or making an offer to try and compromise some of the monies that are owed may in fact make the time be increased. In addition under McCoy, which is in the 5<sup>th</sup> Circuit Court, which is not the jurisdiction for Massachusetts, but now that a late tax return is not a tax return at all and it is unclear what it would mean for people in Massachusetts or overall, but it could mean that if you do not file a timely tax return you will not be able to discharge your income tax debt.

It is not clear as how far it is going to be followed, nor is it followed in Massachusetts, but it is something that could be followed in Massachusetts at a later date; which is another reason why it might make sense to file your tax returns as timely as possible.