

Notice Regarding Tax Refunds in Chapter 13 Cases

Until January 20, 2010 it was the practice of the Court that confirmation orders requiring turnover of a debtor's tax refunds to the Trustee also include a provision ordering the Internal Revenue Service to pay those refunds directly to the Trustee. On January 20, 2010, the United States District Court for the Eastern District of Michigan entered an order prohibiting the enforcement of those provisions. *United States v. Carroll*, __ B.R.__, 2010 WL 338040 (E.D. Mich. 2010).

To continue facilitating compliance with the obligation to pay tax refunds to the trustee, notice is hereby given that in each case in which an order confirming the plan has not yet been entered and in which the debtor's plan provides for the payment of tax refunds to the trustee, the debtor shall sign, as requested by the trustee, (1) any appropriate IRS forms that authorize the IRS to forward the debtor's tax refunds directly to the trustee, whether by check or direct deposit, and, (2) any appropriate form that will authorize the trustee to endorse, negotiate and deposit the debtor's tax refund check for the debtor's chapter 13 account.

In cases in which the meeting of creditors has not been held, the debtor shall sign these forms at the meeting of creditors.

In cases in which the meeting of creditors has been concluded, the debtor shall sign the forms at the confirmation hearing or as a condition of confirmation, as directed by the judge.

This notice applies to chapter 13 cases in which the meeting of creditors or the confirmation hearing is on or after Friday, March 26, 2010.

Chief Judge Phillip Shefferly
March 12, 2010