

What Debts Are Exempt From Bankruptcy

It may seem odd that some debts are exempt from a bankruptcy proceeding but that is certainly the case. Thus no matter what happens in the bankruptcy process, you will still be liable to pay off these debts under all circumstances. This article will detail what type of debts are exempt according to the latest bankruptcy laws.

Many people are concerned about maintenance payments and child support. For anyone that has a court order requiring them to pay these amounts then bankruptcy will not exempt you from paying any outstanding money. Thus any debts that have been accrued in supporting these awards are not covered should you file for bankruptcy. All of the law chapters are included in this, including the personal chapter 7 and chapter 13. A lot of people think that filing for bankruptcy will absolve them (or at least protect them) from this debt. However the laws mean that they will have to find this money in full.

Another instance of a debt exempt from bankruptcy is IRS liens. If you have been subject to a tax audit that has led to you having to pay more taxes, then the IRS may put a lien on your home or take a portion of your wages. Unfortunately this can often be a substantial amount of money that you will have to owe the government and no bankruptcy law can protect you from it.

Whilst covering the government, it should also be noted that any government loans are generally considered to be exempt from bankruptcy. Remember that this applies to student loans that are covered by the government too and are a common form of finance for young people.

On a final note, court orders that require you to pay an individual or creditor a specific amount of money that were handed down before the bankruptcy proceeding began are also exempt from bankruptcy.

These are some of the reasons why you should understand the full consequences of filing for bankruptcy. For instance, you may have a number of debts that can never be cleared by the courts. After all you don't want to have a low credit rating, the stigma of filing for bankruptcy and still owe a huge amount of money to people.

Thus remember to get a firm understanding of your financial health before beginning such a process. You must quantify all your monthly outgoings and long term debts. With this knowledge in hand, you should determine whether your debt or outgoings fall into any of the mentioned categories.

What's more, you need to find out if there are any court judgments against your name. In most cases you will be notified if a litigation process against you is beginning. Once again remember that the courts will not protect you against these should you file for bankruptcy.

About the Author

Make sure you know the implications of bankruptcy, especially [exempt assets for bankruptcy](#) and [debt exempt from bankruptcy](#) . Adrian writes on ways to deal with debt.

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