



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

5.9.7

OCTOBER 13, 2023

EFFECTIVE DATE

(10-13-2023)

PURPOSE

- (1) This transmits a revised IRM 5.9.7, Bankruptcy and Other Insolvencies, Processing Chapter 9 and Chapter 15 Bankruptcy Cases.

MATERIAL CHANGES

- (1) Editorial changes were made and citations were verified throughout.
- (2) IRM 5.9.7.1 - Added Program Scope and Objectives section.
- (3) IRM 5.9.7.1.1 - Added Background section.
- (4) IRM 5.9.7.1.2 - Added Authority section.
- (5) IRM 5.9.7.1.3 - Added Responsibilities section.
- (6) IRM 5.9.7.1.4 - Added Program Management and Review section.
- (7) IRM 5.9.7.1.5 - Added Program Controls section.
- (8) IRM 5.9.7.1.6 - Added Terms and Acronyms section.
- (9) IRM 5.9.7.1.7 - Added Related Resources section.
- (10) IRM 5.9.7.2.1 - Updated title of subsection.
- (11) IRM 5.9.7.2.2 - Updated title of subsection.
- (12) IRM 5.9.7.3.3 - Updated title of header section.
- (13) IRM 5.9.7.3.3(2) - Added "Misdirected Payments" subsection under Chapter 13 case actions.
- (14) IRM 5.9.7.3.3.1 - Deleted the entire subsection.
- (15) IRM 5.9.7.3.4 - Updated title of the header section.

EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 5.9.7 dated November 29, 2016.

AUDIENCE

All Operating Divisions

Rocco A. Steco, Acting Director
Collection Policy
Small Business/Self Employed

5.9.7

Processing Chapter 9 and Chapter 15 Bankruptcy Cases

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5.9.7.1
(10-13-2023)
**Program Scope and
Objectives**

- (1) **Purpose:** This IRM section contains guidance on Chapter 9 and Chapter 15 bankruptcy cases as well as actions needed by Specialty Collection Insolvency (SCI) caseworkers.
- (2) **Audience:** SCI caseworkers and their management officials are the primary users of this IRM section. Other Small Business/Self-Employed (SB/SE) employees may also refer to these procedures. Employees in functions other than SB/SE may refer to this section when working with a taxpayer that has filed an insolvency proceeding.
- (3) **Policy Owner:** The Director of Collection Policy is responsible for issuing policy for the Specialty Collection Insolvency program.
- (4) **Program Owner:** The program owner is Collection Policy, Specialty Collection Insolvency, an organization with the Small Business Self Employed (SB/SE) division.
- (5) **Primary Stakeholders:** The primary stakeholders of this section are SB/SE Collection and Specialty Collection Insolvency.
- (6) **Program Goals:** The goal of this IRM is to protect the government's interest and ensure taxpayer rights are protected while processing Chapter 9 and Chapter 15 insolvency cases, and to promote the efficiency of Insolvency case-workers when handling these types of insolvencies.

5.9.7.1.1
(10-13-2023)
Background

- (1) IRM 5.9, Bankruptcy and Other Insolvencies, contains the IRS's position, procedures, information, instructions, guidance, and references concerning bankruptcy cases, stockbroker insolvencies, receiverships, assignments for the benefit of creditors, corporate dissolutions, and bulk sales.

5.9.7.1.2
(10-13-2023)
Authority

- (1) The Insolvency program operates within the guidelines of the US Bankruptcy Code (11 USC) and the Federal Rules of Bankruptcy Procedure.
- (2) IRM 5.9.3.1.2, Authority, contains Insolvency caseworkers' authority in the Insolvency program.

5.9.7.1.3
(10-13-2023)
Responsibilities

- (1) **Roles and Responsibilities.** SCI implements bankruptcy procedural guidelines, controls and monitors bankruptcy cases for the IRS, and takes appropriate case actions on all of the bankruptcy cases assigned to Insolvency. Field Insolvency (FI) caseworkers also work receiverships, Securities Investor Protection Act (SIPA) proceedings, and assignments for the benefit of creditors. IRM 5.9.1.4, The Role of Insolvency, contains a detailed explanation of the roles and responsibilities of Insolvency.
- (2) **Contacts.** SCI employees deal directly with Associate Area Counsel (SB/SE), Department of Justice, Assistant US Attorneys, Bankruptcy Court employees, trustees, debtors and their attorneys, and IRS employees in other functions throughout the IRS.
- (3) **Advice and Guidance.** SCI employees are trained in specific areas of bankruptcy law that deal with tax administration and debtor protection. When confronted with bankruptcy issues beyond the scope of their knowledge and expertise, they are to seek guidance from Counsel.

- (4) **Directions from Insolvency.** SCI employees provide directions on bankruptcies to other IRS functions. When IRS personnel contact SCI regarding a bankruptcy-related issue, they should comply with the advice and guidance given by Insolvency. If additional assistance is required, SCI employees will contact Counsel on behalf of other IRS employees.

5.9.7.1.4
(10-13-2023)
**Program Management
and Review**

- (1) IRM 1.4.51.8.3, Case Management Tools, IRM 5.9.12, Insolvency Automated Processes, and IRM 5.9.16, Insolvency Case Monitoring, contain a list of required reports for caseworkers and managers to utilize for inventory management and review of case inventories. These sections also include the frequency and purpose of each report.
- (2) National quality reviews and consistency reviews are conducted on a regular basis. See IRM 1.4.51.16.1, NQRS, and IRM 1.4.51.16.2, EQ Consistency Reviews, for more information.
- (3) Operational and program reviews are conducted on a yearly basis. See IRM 1.4.51.17.2, Operational Review, and IRM 1.4.51.17.5, Program Reviews, for more information.

5.9.7.1.5
(10-13-2023)
Program Controls

- (1) Managers are required to follow program management procedures and controls addressed in IRM 1.4.51.5.2, Reviews (Overview), IRM 1.4.51.15, Controls, and IRM 1.4.51.16, Quality.
- (2) Caseworkers and managers utilize the Automated Insolvency System (AIS) for case management, assignment and documentation of all insolvency and non-bankruptcy insolvency cases. See IRM 5.9.3.2, Automated Insolvency System (AIS).

5.9.7.1.6
(10-13-2023)
Terms and Acronyms

- (1) A glossary of terms used by Insolvency can be found in the Exhibit in IRM 5.9.1-1, Glossary of Common Insolvency Terms.
- (2) Common acronyms acceptable for use in the Automated Insolvency System (AIS) history are listed in the Exhibit in IRM 5.9.1-2, Acronyms and Abbreviations.
- (3) Additional acceptable acronyms and abbreviations are found in the ReferenceNet Acronym Database, which may be viewed at: <https://rnet.web.irs.gov/Resources/AcronymSearch.aspx>
- (4) Acronyms used specifically in this IRM section are listed below:

Acronyms	Definitions
AIS	Automated Insolvency System
CIO	Centralized Insolvency Operation
FI	Field Insolvency
IIP	Insolvency Interface Program
SB/SE	Small Business/Self-Employed

Acronyms	Definitions
SCI	Specialty Collection Insolvency

5.9.7.1.7
(10-13-2023)
Related Resources

- (1) Procedural guidance on insolvencies can be found throughout IRM 5.9, Bankruptcy and Other Insolvencies.
- (2) The US Bankruptcy Code and Rules Booklet
- (3) AIS User Guide, Document 13219
- (4) Insolvency Interface Program (IIP) User Guide, Document 11834
- (5) Insolvency/Bankruptcy, My SB/SE page <https://irsgov.sharepoint.com/sites/ETD-KMT-KB114>
- (6) Specialty Collection Insolvency, IRS Source page <https://irssource.web.irs.gov/SBSE/SitePages/SpecialtyColl.aspx>

5.9.7.2
(10-13-2023)
Chapter 9 – Adjustment of Debts of a Municipality

- (1) **Qualifications.** To be a debtor under Chapter 9, Adjustment of Debts of a Municipality, an entity must:
 - Be a municipality;
 - Be authorized to be a debtor under state law;
 - Be insolvent;
 - Desire to create a plan to adjust debts; and
 - Meet one of the alternative requirements of 11 USC 109(c)(5) regarding creditors.
- (2) **Confirmation Binding.** Under 11 USC 944, the provisions of a confirmed plan bind the debtor and any creditor, whether or not:
 - a. Proof of such creditor's claim is filed or deemed filed under 11 USC 501;
 - b. Such claim is allowed under 11 USC 502; or
 - c. Such creditor has accepted the plan.
- (3) **Discharge Considerations.** A Chapter 9 debtor receives a discharge when the plan is confirmed, the debtor deposits funds for distribution by a court-appointed disbursing agent and the court determines the validity of securities to be issued. There is no discharge for debts excepted from discharge by the plan or order confirming the plan. There is no discharge for debts owed to an entity that did not have notice or actual knowledge of the bankruptcy case before confirmation of the plan. See 11 USC 944(b)-(c).

5.9.7.2.1
(10-13-2023)
CIO Actions on Chapter 9 Cases

- (1) **Initial Processing and Loading the Case.** Centralized Insolvency Operation loads Chapter 9 cases on the Automated Insolvency System. Any reports generated by the Insolvency Interface Program are to be forwarded to the Field Insolvency group assigned the case following expedited procedures. (See IRM 5.9.11.4.2, Time Sensitive Mail.)
- (2) **Misdirected Payments.** Chapter 9 payments received at the CIO must be applied to the non plan screen. The CIO Payment Posting Unit must advise

the Field Insolvency office assigned the case of the payment receipt so the payment can be applied to the proper tax liability.

5.9.7.2.2
(10-13-2023)

**Field Insolvency Actions
on Chapter 9 Cases**

- (1) **Asset Proceeding.** All proceedings under Chapter 9 are to be treated as “asset” cases.
- (2) **Prompt Counsel Involvement.** When Field Insolvency is assigned a bankruptcy filing involving debts of a municipality, immediately contact Counsel for guidance. Chapter 9 is a complex bankruptcy proceeding.

Note: Because of the rare occurrence of a Chapter 9 bankruptcy, IRM 5.9, Bankruptcy and Other Insolvencies, contains limited information on this chapter.

5.9.7.3
(07-14-2015)

**Chapter 15 - Ancillary
and Other Cross-Border
Cases**

- (1) **Purpose and Scope of Chapter 15.** Generally, Chapter 15 allows for the recognition in the United States of foreign insolvency proceedings, access to the domestic judicial proceedings by foreign representatives, and other specific relief upon recognition. Chapter 15 was added to the Bankruptcy Code in 2005 to incorporate the Model Law on Cross - Border Insolvency to provide mechanisms to address cross-border Insolvency matters. Objectives of Chapter 15 include promoting cooperation between the United States’ bankruptcy system and foreign authorities involved in cross-border insolvency cases, providing greater legal certainty for trade and investment, and creating fair and efficient administration of cross-border insolvencies. Chapter 15 applies where:
 - a. A foreign court or a foreign representative seeks assistance in the United States in connection with a foreign proceeding;
 - b. Assistance is requested in a foreign country in connection with a case under 11 USC;
 - c. A foreign proceeding and a domestic bankruptcy for the same debtor are pending concurrently; or
 - d. Creditors or other interested persons in a foreign country wish to commence or participate in a case under 11 USC.

5.9.7.3.1
(10-13-2023)

Chapter 15 Overview

- (1) **Chapter 15.** Chapter 15 is divided into several sub-chapters (general provisions; access of foreign representatives and creditors to the court; recognition of a foreign proceeding and relief; cooperation with foreign courts and foreign representatives; and concurrent proceedings) that provide a framework for cooperation between the United States and foreign countries as to insolvency cases. The proceedings commenced under Chapter 15 are termed “ancillary” cases. Other defined terms (see 11 USC 1502) unique for Chapter 15 are:
 - a. “Debtor” - an entity that is the subject of a foreign proceeding.
 - b. “Foreign court” - a judicial or other authority competent to control or supervise a foreign proceeding.
 - c. “Foreign main proceeding” - a foreign proceeding pending in the country where the debtor has the center of its main interests.
 - d. “Foreign non-main proceeding” - a foreign proceeding (other than a foreign main proceeding) pending in a country where the debtor has an establishment.
 - e. “Recognition” - the entry of an order granting recognition of a foreign main proceeding or foreign non-main proceeding under Chapter 15.

Note: 11 USC 1508 requires the court to take into account the international origins of the Chapter and to apply it consistently with other similar statutes adopted by foreign jurisdictions.

- (2) **Petition for Recognition.** To commence an ancillary case under Chapter 15, a petition for recognition of the foreign proceeding is filed by the foreign representative. The Bankruptcy Code requires that certain documents accompany the petition for recognition, such as a certified copy of the decision commencing the foreign proceeding and appointing the foreign representative; a certificate from the foreign court affirming the existence of such foreign proceeding and the appointment of the foreign representative; or any other acceptable evidence proving the existence of the proceeding and appointment. The petition for recognition should also be accompanied by a statement identifying all known foreign proceedings related to the debtor. All documents must be translated into English. Also, Bankruptcy Rule 1007(a)(4) sets forth additional documents that must be filed with the petition for recognition.

Note: All documents accompanying the petition for recognition should be reviewed by the SCI caseworkers for references to the Internal Revenue Service (IRS), including such references as the Commissioner of the Internal Revenue, the United States or the Department of the Treasury. It may be necessary to research the references to determine the extent of the involvement of the Internal Revenue Service.

- (3) **Notice of Hearing on Petition for Recognition.** Bankruptcy Rule 2002(q)(1) provides that the clerk, or some other person as the court may direct, provides notice of the recognition hearing to the debtor, all persons or bodies authorized to administer foreign proceedings of the debtor, all entities against whom provisional relief (discussed below) is sought, all parties to litigation pending in the United States in which the debtor is a party at the time of the filing of the petition, and such other entities as the court may direct. Such notice must be mailed at least 21 days in advance of the hearing on the petition for recognition of a foreign proceeding and such notice must state whether the petition seeks recognition as a foreign main proceeding or foreign non-main proceeding. See Bankruptcy Rule 2002(q).

Note: The Bankruptcy Rules provide how the foreign representative must serve process when a petition for recognition is filed for a foreign non-main proceeding. See Bankruptcy Rule 2002(q). 11 USC 1514(c) describes the notice requirements for foreign creditors.

- (4) **Provisional Relief.** Unlike voluntary cases filed under title 11, the automatic stay does not go into effect when a petition for recognition is filed. There is a gap period from the filing of the petition for recognition until the court rules on the petition. Where relief is urgently needed to protect the assets of the debtor or the interests of creditors, the foreign representative may request provisional relief. The court may grant the following types of provisional relief:

- Staying execution against the debtor's assets.
- Permitting the foreign representative or other authorized person, to administer the debtor's assets located in the United States to protect and preserve value. This generally involves assets which are perishable, susceptible to devaluation, or may otherwise be in jeopardy.

- Suspending the right to transfer, encumber or otherwise dispose of assets of the debtor.
- Providing for discovery of the debtor's assets and liabilities.
- Granting any additional relief that would be available to a trustee (excluding 11 USC 522, 544, 545, 547, 548, 550, 724(a)).

Caution: Caseworkers should not assume that action can be taken against assets of the debtor because the automatic stay does not go into effect at the time the petition is filed. They should determine if the court has granted provisional relief to the foreign representative that would prohibit any action proposed by the Internal Revenue Service. If there is a question as to whether the action has been prohibited by an order of provisional relief, Counsel should be consulted.

Note: Provisional relief terminates (unless extended by the Bankruptcy Court) when the petition for recognition is granted.

(5) **Effects of Recognition of a Foreign Main Proceeding.** When the court enters an order recognizing a foreign main proceeding, certain relief is granted to the foreign representative automatically, including, among other relief:

- 11 USC 361 (adequate protection) and 362 (automatic stay) apply to the debtor and the debtor's property within the territorial jurisdiction of the United States.
- 11 USC 363 (use, sale or lease of property), 549 (post-petition transactions) and 552 (post-petition effect of security interest) apply to a transfer of interest of the debtor that is within the territorial jurisdiction of the United States to the same extent as those sections would apply to property of the estate.
- The foreign representative may operate the debtor's business and exercise the powers of a trustee under 11 USC 363 and 552, unless the court orders otherwise.

(6) **Additional Relief Requests from the Foreign Representative.** The court may grant any additional appropriate relief requested by the foreign representative once the court recognizes the foreign proceeding (whether main or non main) within the parameters of 11 USC 1521 including (among other relief):

- A stay of the commencement or continuation of a proceeding involving the debtor's assets, rights, obligations or liabilities to the extent not already stayed.
- A stay of execution against the debtor's assets.
- A suspension of the right to transfer, encumber or otherwise dispose of the debtor's assets.
- Providing for discovery of the debtor's assets and liabilities.
- Granting any additional relief that may be available to a trustee (excluding 11 USC 522, 544, 545, 547, 548, 550, and 724(a)).
- Permitting the foreign representative or other authorized person to administer the debtor's assets located in the United States.
- Permitting the foreign representative to distribute all or part of the debtor's assets located within the United States to the foreign representative or to another person, provided the court is satisfied that the interests of creditors in the United States are sufficiently protected.

5.9.7.3.2
(10-13-2023)
**Concurrent Insolvency
Proceedings**

- (1) **Commencement of a Case Under Another Chapter of the Bankruptcy Code After Recognition of a Foreign Main Proceeding in Chapter 15.**
 - a. Upon recognition of a foreign main proceeding, the automatic stay takes effect and, 11 USC 362 stays the commencement of a judicial proceeding against the debtor. Chapter 15 provides an exception to the stay in 11 USC 1520(c) by allowing, upon recognition of a foreign main proceeding, a foreign representative or an entity to file a petition commencing a case under title 11.
 - b. Section 1520(c)'s exception complements 11 USC 1511, which permits a foreign representative, upon recognition, to commence an involuntary case under 11 USC 303 or, if a representative of a recognized foreign main proceeding, a voluntary case under 11 USC 301 or 302.

Note: 11 USC 1528 provides that a case under another chapter of the Bankruptcy Code may be commenced after recognition of a foreign main proceeding only if the debtor has assets in the United States. The effects of the case are restricted to the assets of the debtor within the territorial jurisdiction of the United States along with other assets of the debtor that are property of the estate and are not under the jurisdiction and control of the foreign proceeding that was recognized under Chapter 15.
 - c. Once a case is filed under another chapter, the caseworker handling an open Chapter 15 case should verify that the case has been loaded on AIS, and should note the details of the related case in the history. The related case should be assigned based on the Case Assignment Guide. If the purpose of the Chapter 15 was to allow the foreign representative to file a bankruptcy case under another chapter, the caseworker should consult with Counsel. If there is no objection, close the Chapter 15 case.
- (2) **Coordination of a Case Under Title 11 and a Foreign Proceeding.** If a foreign proceeding and a case under another chapter of title 11 are pending at the same time regarding the same debtor, the Bankruptcy Court must seek cooperation and coordination with the foreign courts or representatives and may suspend or dismiss the title 11 case, if in the interest of the creditors and the debtor.
- (3) **Case Pending Under Another Chapter at the Time Petition for Recognition is Filed.** When there is a case under another chapter pending at the time a Chapter 15 case is filed, relief (including provisional relief) will be granted only if consistent with the relief granted in the case pending in the United States, and the effects of recognition of a foreign main proceeding (such as the automatic stay) do not apply. Generally a United States case trumps a foreign proceeding.
- (4) **Case Commenced Under Another Chapter after Recognition or Petition for Recognition Filed.** If a case is filed under another bankruptcy chapter after a petition for recognition is filed or after recognition is granted to the foreign representative, any relief granted in the Chapter 15 case must be modified or terminated if it is inconsistent with the case under another chapter of the Bankruptcy Code.

- (5) **Rule of Payment in Concurrent Proceedings.** In concurrent proceedings, a creditor cannot receive more favorable treatment than other creditors in the same class by payment of the same claim in foreign insolvency proceedings.

Note: Caseworkers assigned to a Chapter 15 case should be aware that an order in any other case filed under the Bankruptcy Code and involving the debtor may affect the actions that can be taken. It may be necessary to review the docket sheets of both cases. If there is any question as to whether an action can be taken, Counsel should be consulted.

5.9.7.3.3
(10-13-2023)
CIO Actions on Chapter 15 Cases

- (1) **Initial Processing and Loading the Case.** As with Chapter 9 cases, Centralized Insolvency's involvement with Chapter 15 bankruptcies is limited to loading the cases on AIS. Any reports generated by the IIP must be forwarded to the FI group assigned the case following expedited procedures. (See IRM 5.9.11.4.2, Time Sensitive Mail.)
- (2) **Misdirected Payments.** CIO will post Chapter 15 payments that are sent in error. Chapter 15 payments received at the CIO must be applied to the non plan screen. The CIO Payment Posting Unit must advise the FI office assigned the case of the payment receipt so the payment can be applied to the proper tax liability.

5.9.7.3.4
(10-13-2023)
Field Insolvency Actions on Chapter 15 Cases

- (1) **Initial Case Review.** Upon notice of a Chapter 15 case, Field Insolvency must add the case to AIS. The caseworker must review the Chapter 15 case to determine if a referral should be made to Counsel.
- (2) **Counsel Referral Criteria.** Caseworkers should review the petition for recognition and the related documents. Research IDRS to determine if the debtor has any outstanding federal tax liabilities. Refer the case to Counsel if the documents show that any of the following criteria are met:

debtor's assets as shown on the petition, as this value may include assets located outside the United States.

- The debtor has assessed or estimated tax liabilities in a total amount of

Caution: If the petition for recognition and the related documents indicate that the foreign representative is requesting recognition in order to sell assets of the debtor located in the United States, the debtor may owe income taxes to the United States as a consequence of the sale. Contact with Counsel should be made if the caseworker has any questions as to whether a proposed sale will have tax consequences.

- The petition for recognition or any of the related documents requests changes to or relief from the requirements of the Internal Revenue Code, such as a change from return filing requirements or a request that the debtor's liability under the Internal Revenue Code be limited.

Note: If none of the criteria is met, the caseworker does not need to make a referral to Counsel and the case can be closed. If a referral is made, the case should remain open until Counsel indicates it can be closed.

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- (3) **Notification of Filings in a Chapter 15 Case.** If Field Insolvency receives notice of the filing of a motion or other document in a Chapter 15 case, determine if an initial case review has been conducted. If a review was not done, caseworkers should conduct an initial review of the case, including a review of the document received. Send a referral to Counsel if necessary. If an initial case review was previously conducted and it was determined the referral criteria was not met, the caseworker should review the document received and determine if it is now necessary to refer the case based on a change in conditions. If the caseworker has questions about the document received, Counsel should be contacted for guidance. For previously referred cases, the document should be forwarded to Counsel for association with the file.
- (4) **Referral to Counsel.** Refer cases meeting the referral criteria as soon as possible after the initial case review, or after a determination is made following receipt of notice that the referral criteria has been met. Include the following items in the referral package:
- A draft of a proof of claim showing the outstanding tax liability to the United States, if any;
- Note:** A claim is filed in a Chapter 15 case only if the court orders it.
- A copy of any proofs of claim filed in a case filed under any other chapter for the debtor.
 - A referral memo providing the name of the debtor, the complete TIN, if any, the case number and the court where the Chapter 15 case was filed, and the reason for the referral. If a case is open for the debtor under another chapter of the Bankruptcy Code, provide the case number and court where the other case was filed, along with any relevant history regarding the case.
 - If the case was opened based on notice received of a motion or other document, copies of the documents received.
- (5) **Chapter 15 Payments.** The Field Insolvency office handling a Chapter 15 case must instruct the foreign representative to send bankruptcy payments to that local office.
- (6) **Closing a Chapter 15 Case.** A debtor in a Chapter 15 case does not receive a discharge. No tax liability should be abated when only a Chapter 15 case is filed in the United States. If another case is filed for the debtor under another chapter, such as a Chapter 7 or 11 case, refer to the discussion under IRM 5.9.7.2.2, Concurrent Insolvency Proceedings. A Chapter 15 case should be closed on AIS as a dismissal.

5.9.7.4
(08-05-2013)
**Collecting Tax Debt in a
Foreign Country When
There is No U.S.
Bankruptcy Proceeding**

- (1) **Revenue Rule.** Generally, the IRS does not participate in foreign insolvency proceedings because the majority of countries, including the U.S., prohibit the enforcement of foreign tax claims in their courts. This prohibition is commonly referred to as the revenue rule. The revenue rule provides that no country ever takes notice of the revenue laws of another.
- (2) **Tax Treaties.** Claims in foreign insolvency proceedings may be pursued through the mutual collection assistance request (MCAR) process provided under some U.S. Tax treaties. These tax treaties abrogate (or supersede) the revenue rule with respect to the U.S. and the particular treaty partner. Currently, there are six countries with which the U.S. has tax treaties that

provide for mutual collection assistance - Canada, Denmark, France, Japan, the Netherlands, and Sweden. The tax treaties between the U.S. and these countries permit the U.S. and the other country to collect, for each other, taxes that have been finally determined (i.e., assessed and subject to immediate collection).

- (3) **Filing Claims.** When notified of an insolvency proceeding in a foreign country, Insolvency should refer the matter to Counsel to be coordinated with Branch 5, Office of the Associate Chief Counsel (Procedure and Administration). In non-treaty countries, there are important considerations as to whether the IRS should proceed with collection, such as the ability to defend the claim because of the disclosure rules in IRC 6103 and the potential for subjecting the U.S. (as a whole) to a foreign court's jurisdiction.