

In all cases:

1. Does the debtor incur trade credit in the production of income? In other words, at the time of filing the case does the debtor have open accounts with trade suppliers? Will these trade suppliers allow the debtor to maintain open account privileges going forward? If the answers to all these questions are Yes, then the debtor is engaged in business as defined by §1304, see below.
2. A debtor who incurs trade credit in the production of income must provide the Chapter 13 Trustee quarterly income statements, balance sheets, detailed payroll records, detailed accounts receivable records and detailed accounts payable records.
3. Review documents before submitting them to the trustee.
4. Make sure income and expense documents provided can be reconciled with entries on Schedules I and J and Form B22C and the Statement of Financial Affairs.
5. If you send a mountain of bank statements and check registers without reviewing them, be prepared to be surprised when the trustee says they paint a very different picture than your Schedules I and J do.
6. Know if your debtor has employees, incurs trade debt, owes income taxes or sales taxes, has guaranteed any business debts or leases or owns business space,
7. Remember, the amount of a debt is never “unknown”, the trustee will not believe this.
8. The trustee will not believe that debts are truly contingent or unliquidated, be prepared to substantiate any claim that debts are contingent or unliquidated.

Petition Line 4: disclose any business names and EIN used by the debtor in the last eight years.

§1304 Debtor engaged in business.

(a) A debtor that is self-employed **and incurs trade credit in the production of income** from such employment is engaged in business.

(b) Unless the court orders otherwise, a debtor engaged in business may operate the business of the debtor and, subject to any limitations on a trustee under sections [363 \(c\)](#) and [364](#) of this title and to such limitations or conditions as the court prescribes, shall have, exclusive of the trustee, the rights and powers of the trustee under such sections.

(c) A debtor engaged in business shall perform the duties of the trustee specified in section [704 \(a\)\(8\)](#) of this title.

If the debtor incurs trade credit in the production of income then the debtor must perform all the duties required under § 704(a)(8)

(8) if the business of the debtor is authorized to be operated, file with the court, with the United States trustee, and with any governmental unit charged with responsibility for collection or determination of any tax arising out of such operation, periodic reports and summaries of the operation of such business, including a statement of receipts and disbursements, and such other information as the United States trustee or the court requires;