

Chapter 7 Bankruptcy – Do I Qualify for Bankruptcy?

By Arizona Bankruptcy Attorney John Skiba

www.skibalaw.com

It would seem logical that the only thing you would need in order to qualify for bankruptcy would be a lot of debt you can't pay. However, there is more to it than that. In 2005 Congress revamped the bankruptcy code and put a few more hoops to jump through in order to qualify for a chapter 7 bankruptcy filing.

In determining if you qualify for a chapter 7 bankruptcy filing we will evaluate your household size and your monthly income. To qualify for a chapter 7 filing your income must be at or below the median income for a family of your size in your state. For instance, in Maricopa County in Arizona the following guidelines currently apply:

Household Size – Annual Income/Monthly Income

1 – \$42,628/\$3,552 5 – \$76,352/\$6,362

2 – \$56,894/\$4,741 6 – \$83,252/\$6,937

3 – \$62,066/\$5,172 7 – \$90,152/\$7,512

4 – \$69,452/\$5,787 8 – \$97,052/\$8,087

*\$6,900 per person thereafter

If you are at or below the income level for your family size then you will qualify for a chapter 7 bankruptcy filing. If you are slightly above it you may still qualify as we can make deductions for some things like taxes, house payments, and car payments. If you are not even close, you are likely looking at a chapter 13 bankruptcy filing.

Business Debt Exception

There is one exception that has helped several of my clients – the business debt exception. If more than 50% of your debts are related to your business, then we will not need to run the “means test” calculations and you will qualify for a chapter 7 bankruptcy filing.

I offer a free consultation where we can discuss your specific situation and help you determine if bankruptcy is a good option for you.

Arizona bankruptcy attorney John Skiba can be reached at (480) 420-4028 or via email at john@skibalaw.com.