



Opinion 550

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Opinion Title: 05/03/2011 PUBLISHED In re Hargis, 10-36861, Judge Marker.

Body: Chapter 13 Debtors with above-median income attempted to deduct \$200 in “additional operating expenses” on Line 27A of Form 22C for each of two older and high-mileage vehicles, which would have reduced the return to general unsecured creditors by \$24,000 over the 60-month duration of the plan. The Debtors argued that the claimed additional operating expenses, which arise from a section of the Internal Revenue Manual dealing with offers in compromise, should be allowed as standardized deductions under § 707(b)(2)(A)(ii)(I) and the IRS Local Standards. The Chapter 13 Trustee and the Assistant U.S. Trustee argued that additional operating expenses may be allowed in appropriate circumstances but that parties in interest should be able to review the claimed expenses and object to them if appropriate. Based on the language of the statute and the Supreme Court’s recent guidance in *Hamilton v. Lanning* and *Ransom v. FIA Card Services, N.A.*, the Court held that above-median chapter 13 debtors are not automatically entitled to a \$200 additional operating expense deduction on Line 27A of Form 22C for each vehicle over six years old or with more than 75,000 miles. But above-median chapter 13 debtors may claim additional operating expenses that they actually incur on Line 60 of Form 22C up to \$200 per vehicle subject to review and objection by the Chapter 13 Trustee and holders of allowed unsecured claims.

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Judge: [Judge Joel T. Marker](#) [2]

Date: Tuesday, May 3, 2011

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