

**United States Trustee Program
Primary Uniform Transaction Code
Reference Guide**



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Primary Uniform Transaction Code Reference Guide

INTRODUCTION¹

Uniform Transaction Codes (UTCs) introduce a standardized chart of accounts into chapter 7 trustee operations. Among the benefits are: (1) more accurate and consistent accounting and reporting, and (2) more accurate and reliable bankruptcy statistics. A Uniform Transaction Code is seven digits and consists of two parts:

xxxx	-00x
Primary Code	Wildcard

This reference guide is intended to assist in selecting the appropriate **primary** transaction code to use in a given situation. The guide does not include a comprehensive listing of every situation a trustee may encounter. Questions regarding the application of transaction codes should be referred to the local office contact at the U.S. Trustee's Office in the region where the trustee is serving.

As an additional aid to the trustee, a Wildcard Reference Guide is provided as Attachment #1.

UTCs MAY BE CHANGED ANYTIME

Transaction codes may be changed without the use of reversing entries. For example, if a receipt initially recorded as a scheduled accounts receivable collection payment (i.e., UTC 1121) is later found to emanate from an unscheduled utility refund payment (i.e., UTC 1229), column 4 of the Form 2 may be changed to reflect the correct transaction code.

SPECIAL SITUATIONS²

1. Receipts

Receipt categories are segregated by scheduled and unscheduled assets. Scheduled assets are those listed by the debtor on the original schedules and statements. Unscheduled assets, or assets not originally scheduled, are those added by the debtor on amended schedules and statements, and other undisclosed assets discovered by the trustee. Separate UTCs are used to distinguish scheduled and unscheduled assets, as further described later in this guide.

2. Expense Refunds and Mis-deposits

In order to ensure accurate totals for receipts and disbursements, refunds of amounts previously paid by a trustee and disbursements made on funds deposited to the estate in error require proper

¹ Effective June 1, 2022, all regional sub-codes were eliminated from usage in UTCs. Sub-codes were the fifth and sixth digit in the UTC. The fifth and sixth digit will now always be zero.

² Unless otherwise noted, the examples on the following pages assume sufficient estate funds to cover the full amounts of the allowed claims.

notation on the Form 2. If an estate receives a refund of an amount previously paid by a trustee (e.g., the refund of an over-disbursement to a creditor or a return premium when an insured asset is sold), the deposit should apply the same transaction code used in the initial disbursement and should be reported on the Form 2 as a negative disbursement. In this way, the refund does not erroneously become part of the gross receipts total for purposes of establishing a trustee compensation base. If the trustee discovers that funds were deposited to the estate in error, the transaction code on the deposit transaction should be changed to UTC 1280. The disbursement to correct the error should also use UTC 1280 and should be recorded as a negative deposit/ deposit reversal.

3. NSF Checks

If funds deposited into an estate account are later discovered to have been drawn on insufficient funds (i.e., an NSF check deposited into an estate account), the transaction to void the deposit should apply the same transaction code used in the initial deposit transaction and should be recorded as a negative deposit/deposit reversal.

4. Reversals and Voids

A reversal or void of a disbursement transaction should apply the same transaction code used in the initial disbursement transaction and should be recorded as a negative disbursement. Distributions under \$5 that are turned over to the court should be coded according to the type of distribution (this category of distributions does not apply to the transaction code for court fees, UTC 2700).

5. Bulk Sales

In situations where a group of estate assets are sold (sometimes called bulk sales) and the sale price is not separately stated for each asset, the trustee may use any reasonable allocation method to allocate the sale proceeds among the various assets. For example, the trustee may make a pro-rata distribution based on the initial estimated fair market value of the assets sold. See also the discussion under #6, below.

6. Transactions That Need Multiple UTCs

Some receipts and disbursements may need to be assigned more than one UTC. So-called split transactions include: trustee fees and expenses; property taxes; payments to auctioneers; payments to attorneys and other professionals; payroll taxes; sales of real estate; bulk sales; and tax refunds. To simplify the assignment of UTCs, it is sometimes not necessary to assign multiple codes. For example:

Trustee fees and expenses: This type of payment must always be divided between fees (UTC 2100) and expenses (UTC 2200). Although the expenses may include individual items for which there are separate UTCs, it is not necessary to further breakdown trustee expenses unless the individual item exceeds \$1,000.

Professional fees and expenses: For professionals who incur both fees and expenses, the reporting must always reflect the appropriate UTCs for the fee and the expense. Examples: Attorney for Trustee Fees (Other Firm) is UTC 3120 and Attorney for Trustee Expenses (Other Firm) is UTC 3220; Auctioneer for Trustee Fees is UTC 3610 and Auctioneer for Trustee Expenses is UTC 3992.

Property taxes: This type of payment frequently includes pre-petition and post-petition amounts. The applicable UTCs are 4700 and 2820, respectively. If a split between pre-petition and post-petition cannot be accurately calculated or reasonably estimated, use UTC 4700.

Payroll taxes: The coding for payroll taxes depends upon the status of the case. During the period of operation pursuant to court order, the employer and employee portion of payroll taxes are applied to UTC 2690. Chapter 11 payroll taxes paid during the chapter 7 are applied to UTC 6950. Payroll taxes on § 507(a)(4) wages are apportioned between UTC 5300 (employee portion) and UTC 5800 (employer portion). See also Item #7 below.

Real estate sales: No UTC is assigned to the net amount deposited. Separate UTCs are used for gross receipts and each individual constructive disbursement (however, see the discussion above regarding property taxes). If the buyer's contributed portion for property taxes exceeds the estate's payment of property taxes, the amount is added as a new asset on Form 1 and recorded on Form 2 with a UTC of 1290-000.

Bulk sales: Separate UTCs are used for each distinct type of asset. For example, the sale of real estate, receivables, and inventory for a lump-sum would be divided among the UTCs for these assets. If scheduled, the UTCs are 1110, 1121, and 1129, respectively. If not originally scheduled, the UTCs are 1210, 1221, and 1229, respectively. See #5 above regarding the allocation of the sale price among assets sold as a group.

Earnest money/bid deposits: If an earnest money sale offer is initially received, they are not considered to be estate funds until the sale is approved by the court and consummated. Initially, the earnest monies or bid deposits should be coded to 1290-000. Once accepted and approved, record the sale as a split transaction, as follows:

Gross proceeds	5,000.00	UTC for particular asset class
Apply earnest money	<u>-1,000.00</u>	UTC 1290-000
Net deposit	4,000.00	

With this transaction, the escrow deposit and the application of the deposit to the sale will net to zero in UTC 1290-000.

Income tax refunds: When a portion of an income tax refund belongs to the debtor, assign the entire amount to UTC 1124 (Tax Refunds), if scheduled, or UTC 1224 (Tax Refunds), if not scheduled. If a net deposit was received, record the debtor's non-exempt portion to UTC 8500-002, or exempt portion to UTC 8100-002.

In addition, the trustee's computer vendor may have specific instructions for recording these transactions using the UTCs.

7. Pre-petition Wage Claims

Following are the UTCs that apply to pre-petition wage claims and an example illustrating their usage:

- 5300-000** Pre-petition wage claims (gross amount, including employee payroll taxes) up to \$13,650 (effective 12/31/2019), for wages earned within 90 days of the earlier of the date of filing or the cessation of business. § 507(a)(4).
- 5800-000** Employer payroll taxes on pre-petition wage claims up to \$13,650 (effective 12/31/2019), for wages earned within 90 days of the earlier of the date of filing or the cessation of business. § 507(a)(8).
- 7100-000** Pre-petition wages in excess of \$13,650 or wages that were earned more than 90 days before the earlier of the date of filing or the cessation of business. Include the employee and employer payroll taxes on these wages. § 726(a)(2).
- 7990-000** Interest on the wage claims (surplus cases). § 726(a)(5). *Note: do not withhold or pay payroll taxes on the interest. Also, as a general rule, interest is not paid on the payroll taxes remitted to the taxing authority.*

Example: \$15,000 wage claim in surplus case with \$100 interest. Employee FICA and Medicare at 7.65% equals \$1,147.50 and federal income tax withholding at 20% equals \$3,000. Assume no state income tax withholding and no federal or state unemployment taxes.

Payment to employee:

Gross pay	\$15,000.00 (W-2 AMOUNT)	
FICA	- 1,147.50	
Fed W/H	- 3,000.00	
	\$10,852.50	
Interest	+ 100.00 (UNDER \$600; NO 1099 IS REQUIRED)	
Amt. to employee	\$10,952.50	

Payment to IRS: **\$ 5,295.00** (Employee and employer taxes)

Applicable UTCs-Check to Employee:

(Adapt coding if priority and unsecured portions are divided between two checks to the employee)

Pre-petition wages up to \$13,650	\$ 13,650.00	UTC 5300-000
Pre-petition wages over \$13,650	1,350.00	UTC 7100-000*
FICA and Fed W/H on \$13,650	(3,614.22)	UTC 5300-000
<i>\$1,044.22 + \$2,570.00</i>		
FICA and Fed W/H on \$1,350	(533.28)	UTC 7100-000*
<i>\$103.28 + \$430.00</i>		
Interest	100.00	UTC 7990-000
Net	\$ 10,952.50	

* 7200-000 if tardily filed claim

Applicable UTCs-Check to IRS

Employer taxes on \$13,650-FICA @ 7.65%	\$1,044.23	UTC 5800-000
Employee taxes on \$13,650- F W/H & FICA	3,614.22	UTC 5300-000
Employee/employer taxes on \$1,350 \$430 W/H + \$206.55 FICA (both-15.3%)	<u>636.55</u>	UTC 7100-000*
Total	<u>\$5,295.00</u>	

* 7200-000 if tardily filed claim

Recap: Total \$5,295.00 + \$10,952.50 equals \$15,000.00 (wage claim) + \$100 (interest) + \$1,147.50 (new claim created by payment of wages, i.e., employer share of FICA)

Note that the deductions from the employee's check net with the IRS check, resulting in the correct amounts for UTC 5300, UTC 5800, and UTC 7100.

The UTCs for state income taxes, FUTA, and SUTA are analogous to the UTCs for the federal income taxes and employer FICA. Prorate the taxes between UTC 5300, UTC 5800, and UTC 7100, as applicable.

8. Distributions Under \$5

Distributions under \$5 that are turned over to the court should be coded according to the type of distribution. For example, a check to the court for payments under \$5 on general unsecured claims would have UTC 7100. This section is not applicable to payments to the Court for court costs or for turnover of unclaimed funds.

9. Unclaimed Funds

Unclaimed funds turned over to the court should have the same UTC as the one used for the original payment that went unclaimed. See Attachment 1 for instructions concerning unclaimed funds turned over to the court. For example, if a former employee of the debtor does not cash a priority wage check that was coded with UTC 5300-000, the trustee's check to turn over the funds to the court would have UTC 5300-001.

RECEIPTS

1. UTC 1110 - Liquidation of Real Property (Schedule A/B)
2. UTC 1210 - Liquidation of Real Property (Not Originally Scheduled)

Definition: UTCs 1110 and 1210 apply when a trustee receives funds from the sale of real property (i.e., land, buildings, subsurface rights, plant life, and fixtures). UTCs 1110 and 1210 would include a situation where the debtor purchases his/her equity in real property.

Example 1: The trustee sells a vacation home for a gross purchase price of \$250,000.00. As a result of closing costs, the net amount received by the estate totals \$230,000.00. Column 4 of the Form 2 should reflect \$250,000.00 applied to UTC 1110 or 1210, depending on whether the vacation home was reported on the Schedule A/B that was initially filed at the Court. Each closing cost item should be reported on the Form 2 under the appropriate code. The \$230,000.00 deposit that is reported in column 5 of the Form 2 should not have a UTC assigned to it.

Example 2: The trustee sells a scheduled residence as a short sale for \$250,000 plus a \$25,000 buyer's premium. The estate receives the buyer's premium, with all other funds going to administrative costs or the secured lender. Form 2 should reflect \$275,000.00 applied to UTC 1110. Each closing cost item should be reported on the Form 2 under the appropriate code. The \$25,000.00 deposit that is reported in column 5 of the Form 2 should not have a UTC assigned to it.

-
3. UTC 1121 - Notes and Accounts Receivable (Scheduled)
 4. UTC 1221 - Notes and Accounts Receivable (Not Originally Scheduled)

Definition: UTCs 1121 and 1221 apply when a trustee receives funds from the administration of notes and accounts receivables.

Example 1: The trustee collects \$2,500.00 in accounts receivables. The Form 2 should reflect \$2,500.00 in receipts applied to UTC 1121 or 1221, depending on whether the accounts receivable were reported on the Schedule A/B that was initially filed at the Court.

Example 2 An estate owns a note receivable which earns 7% interest per year and receives \$785 a month. Each payment includes a principal and interest component. The trustee should have an amortization schedule which tracks the declining balance as payments are received. As each payment is received, the Form 2 should record the full payment to UTC 1121 or 1221.

-
5. UTC 1122 - Rents (Scheduled)
 6. UTC 1222 - Rents (Not Originally Scheduled)

Definition: UTCs 1122 and 1222 apply when a trustee receives rental income. Post-petition rental income should be classified as “scheduled” if the income relates to real or personal property that was reported on the Schedule A/B that was initially filed at the Court. Post-petition rental income should be classified as “not originally scheduled” if the income is derived from real or personal property that was not reported on the Schedule A/B that was initially filed at the Court.

UTCs 1122 and 1222 apply to non-operating cases only. Separate transaction codes apply when a trustee operates a business pursuant to a Court order under 11 U.S.C. § 721. See page 14.

Example: In a non-operating case the trustee collects \$5,000.00 in rental income from an apartment building of the estate. The Form 2 should reflect \$5,000.00 in receipts applied to UTC 1122 or 1222, depending on whether the apartment building was listed in the Schedule A that was initially filed at the Court. If the case is an operating case under § 721, the \$5,000.00 would be captured under UTC 1130 or 1230, depending on whether the apartment building was listed in the Schedule A that was initially filed at the Court. For further clarification of UTCs 1130 and 1230 (Revenue from Operating Chapter 7), please see page 14.

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7. UTC 1123 - Royalties and Dividends (Scheduled)
 8. UTC 1223 - Royalties and Dividends (Not Originally Scheduled)

Definition: UTCs 1123 and 1223 apply when a trustee receives royalty or dividend income on estate property. Post-petition royalty and dividend income should be classified as “scheduled” if the income relates to personal property that was reported on the Schedule A/B that was initially filed at the Court. Post-petition royalty and dividend income should be classified as “not originally scheduled” if the income is derived from personal property that was not reported on the Schedule A/B that was initially filed at the Court.

Example 1: The trustee collects \$150.00 in dividend income from shares of stock held by the estate. The Form 2 should reflect \$150.00 in receipts applied to UTC 1123 or 1223, depending on whether the shares of stock were listed on the Schedule A/B that was initially filed at the Court.

Example 2: Pursuant to state law, the trustee liquidates a wholly owned LLC. Once completed, the estate receives \$4,300 in dividends. The Form 2 should reflect receipts applied to 1123 or 1223 depending on whether the LLC was listed on the Schedule A/B that was initially filed with the Court.

-
9. UTC 1124 - Tax Refunds (Scheduled)
 10. UTC 1224 - Tax Refunds (Not Originally Scheduled)

Definition: UTCs 1124 and 1224 apply when a trustee receives a tax refund.

In a situation where a portion of the refund represents property of the debtor (i.e., not property of the estate), the trustee should allocate the entire tax refund to 1124 or 1224.

Example: The trustee collects \$300.00 in income tax refunds, 90% of which is determined to be property of the estate. The Form 2 reflects \$300.00 in receipts applied to UTC 1124 or 1224. Note that the \$30 check transmitting the debtor's portion of the tax refund is coded with UTC 8500. If the debtor's portion had been exempt funds, the payment would be coded to UTC 8100.

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11. UTC 1129 - Liquidation of Other Schedule A/B Property (Scheduled; not included in UTC 1121, 1122, 1123, or 1124)
 12. UTC 1229 - Liquidation of Other Personal Property (Not Originally Scheduled; not included in UTC 1221, 1222, 1223, or 1224)

Definition: UTCs 1129 and 1229 apply when a trustee receives funds from the administration of any Schedule A/B asset that is not applicable to another transaction code.

UTCs 1129 and 1229 include situations where the debtor purchases his/her equity in personal property, including settlement of exemptions.

The receipt of sales tax proceeds on the applicable asset should be included in the gross sales price applied to UTC 1129 or 1229, depending on whether the asset sold was reported on the Schedule A/B that was initially filed at the Court.

The receipt of pre-petition utility refunds should be applied to UTC 1129 or 1229, depending on whether the refund was reported in the Schedule A/B that was initially filed with the Court.

The receipt of miscellaneous unscheduled pre-petition refunds should be applied to UTC 1229.

Example 1: The trustee collects \$2,400.00 from the auction of an automobile. The Form 2 should reflect \$2,400.00 in receipts applied to UTC 1129 or 1229, depending on whether the automobile was reported on the Schedule A/B that was initially filed with the Court.

-
13. UTC 1130 - Revenue from Operating Chapter 7 (Scheduled)
 14. UTC 1230 - Revenue from Operating Chapter 7 (Not Originally Scheduled)

Definition: UTCs 1130 and 1230 apply when, pursuant to a Court order under 11 U.S.C. § 721, a trustee receives funds during the course of operating a chapter 7 business.

Example 1: During the operation of a chapter 7 business involving a 40-unit apartment building, the trustee receives \$30,000.00 in gross revenue. The Form 2 should reflect \$30,000.00 in receipts applied to UTC 1130 or 1230, depending on whether the apartment building was reported on the Schedule A/B that was initially filed at the Court.

Example 2: The trustee operates a chapter 7 business involving a 40-unit apartment building. The trustee employs a property manager who, pursuant to the operating order, deducts \$4,000 in operating expenses and remits a net check of \$26,000 to the trustee. No UTC should be assigned to the net receipt. In Column 4, a UTC of 1130 or 1230 is assigned to the gross receipt of \$30,000, and the \$4,000 withheld is coded to UTC 2690.

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15. UTC 1141 - Preference/Fraudulent Transfer Litigation (Scheduled)
 16. UTC 1241 - Preference/Fraudulent Transfer Litigation (Not Originally Scheduled)

Definition: UTCs 1141 and 1241 apply when a trustee receives funds on a preference or fraudulent transfer recovery. This includes preferences that are received without the need to resort to litigation.

Example: The trustee receives a \$10,000.00 preference recovery. The Form 2 should reflect \$10,000.00 in receipts applied to UTC 1141 or 1241, depending on whether the preference was reported on the Schedule A/B or Statement of Financial Affairs that was initially filed at the Court.

-
17. UTC 1142 - Personal Injury Litigation (Scheduled)
 18. UTC 1242 - Personal Injury Litigation (Not Originally Scheduled)

Definition: UTCs 1142 and 1242 apply when a trustee receives funds from personal injury litigation.

Example: The trustee receives \$50,000.00 from a personal injury litigation action. The Form 2 should reflect \$50,000.00 in receipts applied to UTC 1142 or 1242, depending on whether the personal injury claim was reported on the Schedule B or Statement of Financial Affairs that was initially filed at the Court.

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19. UTC 1149 - Other Litigation (Scheduled; not included in UTC 1141 or 1142)
 20. UTC 1249 - Other Litigation (Not Originally Scheduled; not included in UTC 1241 or 1242)

Definition: UTCs 1149 and 1249 apply when a trustee receives funds from litigation that does not involve a personal injury or preference/fraudulent transfer claim.

Note: This UTC no longer exclusively includes transactions involving settlements. A transaction involving a settlement should utilize the UTC to which the asset class applies.

Example: The trustee receives \$12,000.00 from litigation concerning a legal malpractice claim. The Form 2 should reflect \$12,000.00 in receipts applied to UTC 1249.

-
21. UTC 1180 - Non-Estate Receipts (Scheduled)
 22. UTC 1280 - Non-Estate Receipts (Not Originally Scheduled)

Definition: UTCs 1180 and 1280 apply when a trustee receives non-estate funds. Receipts applicable to UTCs 1180 and 1280 can include, but not be limited to: (1) mis-deposits (use UTC 1280 for the deposit and the check to transfer the mis-deposited funds to the correct account); and (2) funds received by the estate in error (use UTC 1280 for the deposit and the check to return the funds to the creditor or other payer who sent them in error).

Example: The trustee mistakenly deposits \$5,000.00 to the wrong case. Use UTC 1280 for the deposit and the check to transfer the mis-deposited funds to the correct case account.

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23. UTC 1270 - Interest Income (Not Originally Scheduled)

Definition: UTC 1270 applies when a trustee receives interest income that has accrued on estate bank accounts.

Example: The estate bank account accrues \$15.00 in interest income for the month of October. The Form 2 should reflect a \$15.00 deposit applied to UTC 1270.

24. UTC 1290 - Other Receipts (Not Originally Scheduled; not included in UTC 1210, 1221, 1222, 1223, 1224, 1229, 1230, 1241, 1242, 1249, 1270, or 1280)

Definition: UTC 1290 applies when a trustee receives funds from the administration of an asset that: (1) is not reported on the initial schedules filed with the Court and (2) relates to a category not applicable to any other transaction code. Examples include funds turned over to a successor trustee in a chapter 7 case and funds turned over upon conversion of the case to chapter 7.

UTC 1290 also applies to credits received through escrow that are not completely offset by a constructive disbursement. An example is the receipt of a property tax credit when the estate paid no tax. Create a new asset on Form 1 and use UTC 1290 for recording the constructive receipt on Form 2.

Example 1: Upon conversion of a case from chapter 11 to chapter 7, the trustee receives \$500.00 in turnover of funds. The Form 2 should reflect \$500.00 in receipts applied to UTC 1290.

Example 2: The trustee receives two \$5,000.00 earnest money or bid deposits on the sale of real property. The Form 2 should reflect two \$5,000.00 receipts applied to UTC 1290. Neither receipt is referenced to the Form 1. One of the two bids is eventually accepted and the sale closed. When the remaining funds from the sale are received, record the gross amount of the total sale in Column 4 using UTC 1110/1210 (as applicable), with a negative entry of \$5,000 under UTC 1290 to reverse the initial winning bid. The unaccepted bid would be returned, with a negative entry for \$5,000 under UTC 1290. Thereby, the earnest money and the application of the earnest money to the sale will net to zero in 1290.

DISBURSEMENTS

DEDUCTIONS FROM GROSS RECEIPTS TO ARRIVE AT NET RECEIPTS:

25. UTC 8100 - Exemptions

Definition: UTC 8100 applies to funds distributed to the debtor for the exempt portion of proceeds received upon the liquidation of an estate asset.

Example: The trustee collects \$300.00 in income tax refunds, all of which represents property of the estate. The debtor has claimed a \$150.00 exemption on this asset. The Form 2 should reflect a \$150.00 payment applied to UTC 8100.

26. UTC 8200 - Surplus Funds Paid to Debtor § 726(a)(6)

Definition: UTC 8200 applies to funds distributed to the debtor after all allowed claims, including interest on these claims, have been paid. The funds distributed to the debtor represent excess funds. (Note: payments to shareholders and limited partners of the debtor are excluded from this UTC. They are reported under UTC 8500.)

Example: The trustee receives \$10,000.00 from the liquidation of estate assets. Allowed claims, including interest on these claims, plus exemptions total \$9,600.00. Thus, \$400.00 in excess, or surplus, funds remain to be distributed to the debtor. The Form 2 should reflect a \$400.00 disbursement applied to UTC 8200.

27. UTC 8500 - Funds Paid To Third Parties

Definition: UTC 8500 applies to funds, other than exemptions and excess funds, disbursed to the debtor (including shareholders or partners), and funds disbursed or turned over in the case by the trustee to third parties who are not parties in interest (e.g., creditors or professionals). It does not include checks issued to transfer mis-deposited funds to the correct account or to return funds sent to the estate in error. (UTC 1280 is used for these checks).

With the exception of disbursements to the debtor for exemptions or surplus funds, each of which has a separate transaction code, miscellaneous disbursements to the debtor fall under UTC 8500. For example, in a situation where a portion of a tax refund received by the estate represents property of the debtor (i.e. non-estate property), payment to the debtor for his or her portion of the refund should be applied to UTC 8500.

In the sale of estate property in which a third party holds an interest, amounts paid to the third party, for example, a non-debtor spouse or other non-debtor co-owner [under 11 U.S.C. § 363(j)], should be reported applied to UTC 8500.

Earnest money/bid deposits utilize UTC 1290. Please refer to page 8 and/or page 16 above for instructions on earnest money/bid deposits.

Example 1: The trustee receives \$30,000.00 from the sale of a boat. After deducting the sale expenses, \$5,000.00 of the net proceeds represent a non-debtor co-owner's interest in the boat. The Form 2 should reflect a \$5,000.00 disbursement applied to UTC 8500.

Example 2: The trustee receives a \$1,200 scheduled tax refund that includes a portion belonging to the debtor. The receipt of \$1,200 is reported applied to UTC 1124. The payment to the debtor, \$400, is reported using UTC 8500 (if the pro-rated debtor portion) or 8100 (if the exempt portion).

Example 3: The chapter 7 case in which the trustee is assigned is converted to chapter 13. The trustee disburses funds held of \$1,000 to the chapter 13 trustee. The Form 2 should reflect a \$1,000.00 disbursement applied to UTC 8500.

Example 4: The trustee has \$7,300 in funds available to pay corporate shareholders. The payments to the shareholders are reported using UTC 8500.

SECURED CLAIMS

28. UTC 4110 - Real Estate - Consensual Liens

Definition: UTC 4110 applies when a trustee actually or constructively disburses estate funds to a creditor who holds a mortgage, a deed of trust, a land contract, or a purchase money deed that is secured by real property (i.e., land, buildings, subsurface rights, plant life, and fixtures) of the estate.

A payment made to a post-petition secured creditor under 11 U.S.C. § 364(d) (“superpriority secured credit”) should be included in UTC 4110.

Example 1: The trustee sells a vacation home for a gross purchase price of \$250,000.00. The home is subject to a \$75,000.00 mortgage. Irrespective of whether the \$75,000.00 payment to the secured creditor actually runs through an estate account, the Form 2 should reflect a \$75,000.00 disbursement applied to UTC 4110.

Example 2: The trustee sells a residence. The estate is charged \$1,400 in past due HOA fees. In addition to any mortgage lien payoff, the Form 2 should reflect a disbursement of \$1,400 applied to UTC 4110 for the HOA dues.

29. UTC 4120 - Real Estate Non-Consensual Liens

Definition: UTC 4120 applies when a trustee actually or constructively disburses estate funds to a pre-petition creditor who holds a mechanic’s lien or judgment against real property (i.e., land, buildings, subsurface rights, plant life, and fixtures) of the estate.

Example: The trustee sells a vacation home for a gross purchase price of \$250,000.00. The home is subject to a \$25,000.00 mechanics lien. Irrespective of whether the \$25,000.00 payment to the lien creditor actually runs through the estate account, the Form 2 should reflect a \$25,000.00 disbursement applied to UTC 4120.

30. UTC 4210 - Personal Property & Intangibles - Consensual Liens

Definition: UTC 4210 applies when a trustee actually or constructively disburses estate funds to a creditor who holds a security interest in personal property (e.g., consumer goods, equipment, farm products, inventory, instruments, investment securities, accounts, chattel paper, documents, general intangibles, and fixtures) of the estate. This category of secured interests includes UCC liens, chattel, and PMSI.

A payment made to a post-petition secured creditor under 11 U.S.C. §364 (d) (“superpriority secured credit”) should be included in UTC 4210.

Example: The trustee collects \$2,500.00 in accounts receivables. The accounts receivable are subject to a \$750.00 security interest. The Form 2 should reflect a \$750.00 disbursement applied to UTC 4210.

31. UTC 4220 - Personal Property & Intangibles - Non-Consensual Liens

Definition: UTC 4220 applies when a trustee disburses estate funds to a pre-petition creditor who holds a statutory lien against the liquidated asset (e.g., a mechanic’s lien). The security interest may be in the form of a storage lien, a mechanic’s lien or judgment.

Example: The trustee collects \$2,400.00 from the auction of an automobile. The automobile is subject to a \$650.00 storage lien. The Form 2 should reflect a \$650.00 disbursement applied to UTC 4220.

32. UTC 4300 - Internal Revenue Service Tax Liens

Definition: UTC 4300 applies when a trustee distributes funds to the Internal Revenue Service in payment of a pre-petition tax lien.

Example: The trustee receives \$50,000.00 from a personal injury litigation suit. Prior to the bankruptcy filing, the Internal Revenue Service had obtained a federal tax lien for \$25,000.00 covering income taxes owed. The Form 2 should reflect a \$25,000.00 disbursement applied to UTC 4300.

33. UTC 4700 - Real Property Tax Liens

Definition: UTC 4700 applies when a trustee distributes funds to a municipality in payment of a pre-petition real property tax lien.

When a trustee makes a real property tax payment and includes pre- and post-petition amounts, the payment should be apportioned between UTCs 4700 (for pre-petition real property tax liens) and 2820 (for post-petition state or local taxes). If the tax cannot be accurately apportioned, UTC 4700 may be used for the full amount.

Example 1: The trustee sells a vacation home for a gross sales price of \$250,000.00. The municipality in which the home is located had obtained a pre-petition tax lien for \$2,500.00 covering real property taxes owed on the home. The Form 2 should reflect a \$2,500.00 disbursement applied to UTC 4700.

Example 2: The trustee sells a primary residence for a gross sales price of \$80,000.00. The escrow agent pays \$1,800 in real estate taxes through escrow. The County taxing authority submitted a pre-petition property tax claim for \$1,000 on the residence. The Form 2 should reflect a \$1,000 disbursement applied to UTC 4700 and an \$800 disbursement applied to UTC 2820.

34. UTC 4800 - State and Local Tax Liens (not included in UTC 4700)

Definition: UTC 4800 applies when a trustee distributes funds to a municipality in payment of a pre-petition state or local tax lien that does not involve real property taxes. Examples include pre-petition income, sales, and personal property taxes.

Example: The trustee receives \$50,000.00 from a personal injury litigation suit. Prior to the bankruptcy filing, the state had obtained a tax lien for \$6,000.00 covering income taxes owed. The Form 2 should reflect a \$6,000.00 disbursement applied to UTC 4800.

CHAPTER 7 ADMINISTRATIVE FEES & EXPENSES³

35. UTC 2100 - Trustee Compensation

Definition: UTC 2100 applies when a trustee distributes funds in payment of trustee compensation under 11 U.S.C. § 326 and § 330.

Example: In a case filed after October 22, 1994, the trustee collected \$7,000 in gross receipts. Prior to submitting the final report, the trustee disbursed \$1,000 for storage cost payments. The proposed distribution of the \$6,000 remaining balance covers administrative fees and expenses of the trustee and his counsel, priority claims, and a 22.22% dividend percentage to general unsecured creditors. The trustee is seeking the maximum compensation under 11 U.S.C. § 326(a). Assuming that the maximum compensation is allowed, the trustee's Form 2 should reflect a \$1,450.00 disbursement applied to UTC 2100.

36. UTC 2200 - Trustee Expenses

Definition: UTC 2200 applies when a trustee disburses estate funds to reimburse himself/herself for expenses incurred in carrying out his/her trustee duties [i.e., expenses originally incurred out-of-pocket for which the trustee seeks reimbursement under 11 U.S.C. § 330(a)(1)(B)]. Expenses include, but are not limited to long distance telephone, postage charges, costs incurred for mileage, and the usage of photocopying and facsimile machines.

Example: During the administration of a chapter 7 estate, the trustee incurred postage charges of \$20.00 relating to mailing account receivable demand letters. The final report provides a description of all expenses incurred. Assuming that the Court approves the expense reimbursement, the Form 2 should reflect a \$20.00 disbursement applied to UTC 2200.

³ The following UTCs 2410, 2420, 3420, 3520, 3620, 3630, 3640, 3701, 3702, 3712, 3721, 3722, 3731, and 3732 were eliminated effective June 1, 2022, for cases filed on or after that date. Chapter 7 professional fees formerly captured in UTC 3630 will be captured by UTC 3610. Chapter 7 professional fees formerly captured in UTCs 3701, 3721 and 3731 will be captured by UTC 3991. Chapter 7 professional expenses formerly captured in UTCs 3420, 3520, 3620, 3640, 3702, 3712, 3722, and 3732 will be captured by UTC 3992. Chapter 7 administrative expenses formerly captured in UTCs 2410 and 2420 will be captured by UTC 2990.

37. UTC 3110 - Attorney for Trustee Fees (Trustee Firm)

Definition: UTC 3110 applies when, under 11 U.S.C. § 330, a chapter 7 trustee employs himself/herself or his/her firm as counsel for the estate and disburses estate funds to pay attorney fees for services provided to the chapter 7 estate. This transaction code applies to fees only. Expenses incurred by an attorney fall under a separate transaction code.

Example: A trustee receives Court approval to employ himself as counsel to the trustee. After rendering services, he files a fee application and receives Court approval to receive payment of \$1,500.00 for fees and \$75.50 for reimbursement of expenses. The Form 2 should reflect a \$1,500.00 disbursement applied to UTC 3110. Expenses of \$75.50 are coded to UTC 3120.

38. UTC 3120 - Attorney for Trustee Expenses (Trustee Firm)

Definition: UTC 3120 applies when a chapter 7 trustee employs himself/herself or his/her firm as counsel for the estate and disburses estate funds to reimburse himself or herself for expenses incurred in carrying out the attorney's duties [i.e. expenses originally incurred out-of-pocket for which the attorney seeks reimbursement under 11 U.S.C. § 330(a)(1)(B)]. Expenses include, but are not limited to long distance telephone, postage charges, costs incurred for mileage, and the usage of photocopying and facsimile machines.

Example 1: The trustee received Court approval to employ herself as counsel to the trustee. After rendering services, she files a fee application and receives Court approval to receive payment of \$1,500.00 for fees and \$75.50 for reimbursement of expenses. The Form 2 should reflect a \$75.50 disbursement applied to UTC 3120. Fees of \$1,500 are coded to UTC 3110.

39. UTC 3210 - Attorney for Trustee Fees (Other Firm)

Definition: UTC 3210 applies when, under 11 U.S.C. § 330, a trustee who employs outside counsel as attorney for the estate disburses estate funds to pay attorney fees for services provided to the chapter 7 estate. This transaction code applies to fees only. Expenses incurred by an attorney fall under separate transaction codes.

Example: The trustee received Court approval to employ another individual outside of the trustee's firm. After rendering services, the attorney files a fee application and receives Court approval to receive payment of \$1,500.00 for fees and \$75.50 for reimbursement of expenses. UTC 3210 would apply to the \$1,500.00 fee portion. Expenses of \$75.50 are coded to UTC 3220.

40. UTC 3220 - Attorney for Trustee Expenses (Other Firm)

Definition: UTC 3220 applies when a trustee disburses estate funds to reimburse an attorney for the trustee for expenses incurred in carrying out the attorney's duties [i.e., expenses originally incurred out-of-pocket for which the attorney seeks reimbursement under 11 U.S.C. § 330(a)(1)(B)]. Expenses include, but are not limited to long distance telephone, postage charges, costs incurred for mileage, and the usage of photocopying and facsimile machines.

Example 1: The trustee receives Court approval to employ another individual outside of the trustee's firm. After rendering services, the attorney files a fee application and receives Court approval to receive payment of \$1,500.00 for fees and \$75.50 for reimbursement of expenses. The Form 2 should reflect a \$75.50 disbursement applied to UTC 3220. Fees of \$1,500.00 are coded to UTC 3210.

41. UTC 3310 - Accountant for Trustee Fees (Trustee Firm)

Definition: UTC 3310 applies when a trustee, who is employed (personally or his/her firm) under 11 U.S.C. § 330 as accountant for the estate, is paid for fees earned in carrying out the accountant's duties.

Example: The trustee receives Court approval to employ himself as accountant to the trustee. After rendering services, he files a fee application and receives Court approval to receive payment of \$2,500.00 for fees and \$45.00 for reimbursement of expenses. The Form 2 should reflect a \$2,500.00 disbursement applied to UTC 3310. Expenses of \$45 are coded UTC 3320.

42. UTC 3320 - Accountant for Trustee Expenses (Trustee Firm)

Definition: UTC 3320 applies when a trustee, who is employed (personally or his/her firm) as accountant for the estate and is reimbursed for expenses incurred in carrying out the accountant's duties [i.e., expenses originally incurred out-of-pocket for which the accountant seeks reimbursement under 11 U.S.C. § 330(a)(1)(B)]. Expenses include, but are not limited to long distance telephone, postage charges, costs incurred for mileage, and the usage of photocopying and facsimile machines.

Example 1: The trustee receives Court approval to employ herself as accountant for the estate. After rendering services, she files a fee application and receives Court approval to receive payment of \$2,500.00 for fees and \$45.00 for reimbursement of expenses. The Form 2 should reflect a \$45.00 disbursement applied to UTC 3320. Professional fees of \$2,500 are coded to UTC 3310.

43. UTC 3410 - Accountant for Trustee Fees (Other Firm)

Definition: UTC 3410 applies when, under 11 U.S.C. § 330, a trustee employs an outside person or firm as accountant for the estate and disburses estate funds to pay accountant fees for services rendered to the chapter 7 estate. This transaction code applies to fees only. Expenses incurred by an accountant fall under UTC 3992 (Other Professional's Expenses).

Example 2: The trustee received Court approval to employ an individual outside of the Trustee's firm as accountant for the estate. After rendering services, she files a fee application and receives Court approval to receive payment of \$2,500.00 for fees and \$45.00 for reimbursement of expenses. The Form 2 should reflect a \$2,500.00 disbursement applied to UTC 3410. The reimbursement of expenses \$45.00 are coded to UTC 3992.

44. UTC 3510 - Realtor for Trustee Fees (Real Estate Commissions)

Definition: UTC 3510 applies when, under 11 U.S.C. § 330, a trustee actually or constructively disburses estate funds to pay realtor fees for services rendered to the chapter 7 estate. This transaction code applies to fees only. Expenses incurred by a realtor fall under UTC 3992 (Other Professional's Expenses).

Example: The trustee receives Court approval to employ a realtor to the trustee. After rendering services, the realtor files a fee application and receives Court approval to receive payment of \$5,000.00 in fees and \$75.00 in reimbursement of expenses. Irrespective of whether the \$5,000.00 payment actually runs through an estate account⁴, the Form 2 should reflect a \$5,000.00 disbursement applied to UTC 3510. Expenses of \$75 are coded to UTC 3992.

⁴ I.e., it could be a constructive disbursement through escrow.

45. UTC 3610 - Auctioneer for Trustee Fees ⁵

Definition: UTC 3610 applies when, under 11 U.S.C. § 330, a trustee disburses estate funds to pay auctioneer fees for services rendered to the chapter 7 estate. On-line auctions and other liquidation services fall under this description. These transaction codes apply to fees only. Expenses incurred by an auctioneer fall under UTC 3992 (Other Professional's Expenses)

Example: The trustee receives Court approval to employ an auctioneer to the trustee. After rendering services, the auctioneer files a fee application and receives Court approval to receive payment of \$750.00 in fees and \$75.00 in reimbursement of expenses. The Form 2 should reflect a \$750.00 disbursement applied to UTC 3610. Expenses of \$75 are coded to UTC 3992.

46. UTC 3711 - Appraiser for Trustee Fees

Definition: UTC 3711 applies when, under 11 U.S.C. § 330, a trustee disburses estate funds to pay appraiser fees for services rendered to the chapter 7 estate. This transaction code applies to fees only. Expenses incurred by an appraiser fall under UTC 3992 (Other Professional's Expenses).

Example: The trustee receives Court approval to employ an appraiser to the trustee. After rendering services, the appraiser files a fee application and receives Court approval to receive payment of \$200.00 in fees and \$25.00 in reimbursement of expenses. The Form 2 should reflect a \$200.00 disbursement applied to UTC 3711. Expenses of \$25 are coded to UTC 3992.

⁵ Effective June 1, 2022, UTC 3630 (On-line Auctioneer Fees) was discontinued for cases filed on or after that date. Going forward, on-line auctioneer fees are captured in UTC 3610 (Auctioneer Fees).

Definition: UTC 3991 applies when, under 11 U.S.C. § 330, a trustee disburses estate funds to pay a fee to a chapter 7 professional, employed under 11 U.S.C. §327 and not identified under UTCs 3110, 3210, 3310, 3410, 3510, 3610, or 3711, and provided services to the chapter 7 estate. Thus, this UTC applies to all chapter 7 professionals, other than attorneys, accountants, realtors, auctioneer/liquidators, or appraisers. This transaction code applies to fees only. Expenses incurred by this type of professional fall under UTC 3992 (Other Professional's Expenses).

UTC 3991 includes, but is not limited to, the following categories of professionals: (1) arbitrator or mediator for trustee; (2) consultant for trustee; (3) collection agent for trustee; (4) field representative/adjuster for trustee; (5) harvester for trustee; (6) management company for trustee; (7) personal property broker for trustee, including stockbroker, consigner, and wholesaler; (8) petroleum landman for trustee; (9) private investigator for trustee; (10) surveyor for trustee; (11) investment banker for trustee, and (1) attorney or accountant for the debtor.

A transaction using UTC 3991 must include in Column 4 of the Form 2 a complete description of the professional services provided.

Example: The trustee receives Court approval to employ an investment banker to the trustee. After rendering services, the investment banker files a fee application and receives Court approval to receive payment of \$2,500.00 in fees and \$155.00 in reimbursement of expenses. The Form 2 should reflect a \$2,500.00 disbursement applied to UTC 3991. Expenses of \$155 are coded to UTC 3992.

48. UTC 3992 - Other Professional Expenses

Definition: UTC 3992 applies when a trustee disburses estate funds to reimburse a chapter 7 professional, employed under 11 U.S.C. § 327 and not identified under UTCs 3120, 3220, or 3320, for expenses incurred in carrying out the professional's duties [i.e., expenses originally incurred out-of-pocket for which the professional seeks reimbursement under 11 U.S.C. § 330(a)(1)(B)]. Expenses include, but are not limited to, long distance telephone, postage charges, costs incurred for mileage, and the usage of photocopying and facsimile machines.

UTC 3992 applies to a chapter 7 professional, other than the estate attorney (Trustee firm or outside counsel) or the trustee acting as the accountant for the estate. UTC 3992 includes, but is not limited to the following categories of professionals: (1) outside accountant for trustee; (2) realtor for trustee; (3) auctioneer for trustee; (4) arbitrator or mediator for trustee; (5) consultant for trustee; (6) collection agent for trustee; (7) field representative/adjuster for trustee; (8) harvester for trustee; (9) management company for trustee; (10) personal property broker for trustee, including stockbroker, consigner, and wholesaler; (11) petroleum landman for trustee; (12) private investigator for trustee; (13) surveyor for trustee; (14) investment banker for trustee; and (15) attorney or accountant for debtor.

A transaction using UTC 3992 must include in Column 4 of the Form 2 a complete description of the expenses incurred.

Example: The trustee receives Court approval to employ an investment banker to the trustee. After rendering services, the investment banker files a fee application and receives Court approval to receive payment of \$2,500.00 in fees and \$155.00 in reimbursement of expenses. The Form 2 should reflect a \$155.00 disbursement applied to UTC 3992. Professional fees of \$2,500 are coded to UTC 3991.

CHAPTER 7 ADMINISTRATIVE EXPENSES

49. UTC 2300 - Bond Payments

Definition: UTC 2300 applies when a trustee disburses estate funds to cover bond premium payments, both for blanket and separate case bonds.

Example: The trustee is covered under a \$30 million blanket bond. Based on total estate funds on deposit of \$1,000,000.00, the trustee's blanket bond premium totals \$500.00. The trustee allocates the premium payment pro rata among every case with an estate fund balance where a final report has not been submitted. At the time that the trustee is preparing remittance checks to the surety agents, funds on deposit in cases with no final reports total \$750,000.00. One case has an estate fund balance of \$5,000.00. For this case, the Form 2 should reflect a \$3.33 disbursement applied to UTC 2300.

50. UTC 2500 - Costs Involved in the Sale of Property

Definition: UTC 2500 applies when a trustee disburses estate funds to cover expenses incurred during the chapter 7 proceeding that relate to the sale of estate property.

Examples of disbursements characterized under UTC 2500 include but are not limited to: (1) advertising expenses paid by the estate; (2) real estate closing costs (other than utility and real estate tax costs); and (3) reasonable one-time costs (as opposed to ongoing maintenance costs) to prepare the property for sale.

Real estate sales typically provide an escrow closing statement which separately break out realtor fees and expenses, auctioneer fees and expenses, and post-petition real estate taxes. As separate UTCs exist for these expenses, they should not be lumped into UTC 2500.

Example: In preparing a market analysis on residential real property that the trustee seeks to sell, the real estate broker recommends a fresh coat of paint for the foyer area. The \$500.00 payment to the painter should be reflected on the Form 2 applied to UTC 2500.

51. UTC 2600 - Bank Service Fees

Definition: UTC 2600 applies when a trustee disburses estate funds for bank and technology service fees.

Example: The depository used by the trustee charges a \$10 monthly service fee to maintain chapter 7 estate accounts and provide case management software. The Form 2 should reflect a \$10.00 disbursement applied to UTC 2600.

52. UTC 2690 - Chapter 7 Operating Expenses

Definition: UTC 2690 applies when a trustee distributes estate funds to cover expenses relating to operating the chapter 7 business under 11 U.S.C. § 721.

The financial transactions occurring during the time period that the business is operating must be recorded on the Form 2 on some periodic basis (i.e., daily, weekly, monthly, or when the operation ceases). This includes operating expenses paid through the operating entity's account, rather than the estate account. Trustees should consult with their local UST field offices for their specific requirements.

Chapter 7 operating expenses include but are not limited to the following payments: (1) rent; (2) inventory purchases; (3) utilities; (4) management company fees and expenses; (5) administrative wages, including tax and other withholdings and related employer payroll taxes; (6) casualty insurance; (7) locksmiths; (8) security personnel; and (9) repairs.

Example 1: Pursuant to 11 U.S.C. § 721, the trustee received a Court order approving the operation of the chapter 7 business. The trustee disbursed \$3,000.00 in rental payments for the debtor's business premises. The Form 2 should reflect a \$3,000.00 disbursement applied to UTC 2690.

Example 2: The trustee operates a chapter 7 business involving a 40-unit apartment building. The trustee employs a property manager who, pursuant to the operating order, deducts \$4,000 in operating expenses and remits a net check of \$26,000 to the trustee. No UTC should be assigned to the net receipt. In column 4, a UTC of 2690 is assigned to the gross expense of \$4,000 and a UTC of 1130 or 1230 (depending on if it was scheduled or not) is assigned to the \$30,000 gross receipt.

53. UTC 2700 - Clerk of the Court Fees

Definition: UTC 2700 applies when a trustee disburses estate funds to cover Bankruptcy Court fees. Examples of disbursements applied to UTC 2700 include but are not limited to: (1) adversary proceeding and other filing fees, and (2) photocopying and printing charges.

Payments made to the Court for distributions under \$5.00 and unclaimed funds do not fall under UTC 2700. See #8 and #9 under Special Situations for their treatment.

Example: In payment of fees charged by the Court for filing an adversary proceeding, the trustee makes a \$270.00 disbursement to the Court. The Form 2 should reflect a \$270.00 disbursement applied to UTC 2700.

54. UTC 2810 - Income Taxes - Internal Revenue Service

Definition: UTC 2810 applies when a trustee disburses estate funds to cover income taxes that accrue during the chapter 7 proceeding (i.e., after the chapter 7 order for relief date).

Post-petition chapter 7 administrative taxes that are paid during the pendency of an operating case under 11 U.S.C. § 721, should be coded to the transaction code entitled, "Chapter 7 Operating Expenses" (UTC 2690).

Example: A chapter 7 estate accrues sufficient interest income on estate funds to incur a \$650.00 federal income tax liability. The Form 2 should reflect a \$650.00 disbursement applied to UTC 2810.

55. UTC 2820 - Other State or Local Taxes

Definition: UTC 2820 applies when a trustee disburses estate funds to cover state or local taxes that were assessed after the commencement of the chapter 7 proceeding (i.e., 11 U.S.C. § 503(b)(1)(B)(i) expenses).

Sales tax remitted to the taxing authority upon the sale of an estate asset should be reported applied to UTC 2820.

When a trustee makes a real property tax payment that includes pre- and post-petition amounts, the payment should be apportioned between UTCs 4700 (for pre-petition real property tax liens) and 2820 (for post-petition state or local taxes). If the trustee cannot determine the correct apportionment, use UTC 4700 for the full amount.

Example: The trustee pays \$500.00 in post-petition real estate taxes on an apartment building. The Form 2 should reflect a \$500.00 disbursement applied to UTC 2820.

56. UTC 2950 - United States Trustee Quarterly Fees

Definition: UTC 2950 applies when a trustee disburses estate funds to cover United States Trustee Quarterly Fees, assessed under 28 U.S.C. § 1930(a)(6), that accrued in the case during the chapter 11 proceeding.

Pursuant to 28 U.S.C. § 507(a)(2), United States Trustee Quarterly Fees incurred in the case are accorded Chapter 7 administrative expense status.

Example: Upon conversion of a chapter 11 case to chapter 7, quarterly fees totaling \$1,500.00 remain unpaid. After the trustee has administered all estate assets, the estate funds balance totals \$3,000.00. The \$1,500.00 quarterly fee balance is added to the \$3,500.00 of chapter 7 administrative expenses incurred and distribution is made on a pro-rata basis. Thus, the dividend distribution percentage to the United States Trustee for quarterly fees totals \$900.00, or 60% of the quarterly fee balance. The Form 2 should reflect a \$900.00 disbursement applied to UTC 2950.

57. UTC 2990 - Other Chapter 7 Administrative Expenses

Definition: UTC 2990 applies when a trustee disburses estate funds to cover expenses incurred during the chapter 7 proceeding that are not applied to any other transaction code. Examples of such expenses include, but are not limited to: (1) super-priority administrative expenses under 11 U.S.C. § 364(c)(1) and § 507(b); (2) transcription costs; (3) administrative expenses under 11 U.S.C. § 503(b)(1)(A), § 503(b)(3), § 503(b)(5), and § 503(b)(6) that relate to the chapter 7 estate; (4) administrative rent; and (5) costs to secure and maintain property.

UTC 2990 specifically excludes: (1) fees and expenses paid to professionals pursuant to 11 U.S.C. § 330(a); (2) expenses of operating a business in a chapter 7 case; (3) taxes; (4) court costs; and (5) United States Trustee quarterly fees.

A transaction using UTC 2990 must include in Column 4 of the Form 2 a complete description of the expenses incurred.

Example: In preparing for a trial on the trustee's objection to a debtor's discharge under 11 U.S.C. § 727, the trustee pays \$250.00 in transcription costs. The Form 2 should reflect a \$250.00 disbursement applied to UTC 2990.

PRIOR CHAPTER ADMINISTRATIVE FEES AND EXPENSES⁶

58. UTC 6101 - Prior Chapter Trustee Compensation

Definition: UTC 6101 applies when a trustee disburses funds in payment of trustee compensation under 11 U.S.C. § 330 and § 326 to a trustee who served under a prior chapter.

Example: In a case that converted from chapter 11 to chapter 7, the trustee who served as trustee during the chapter 11 proceedings turned over \$5,000.00 to the chapter 7 trustee. The chapter 11 trustee filed an application to receive compensation in the amount of \$350.00 and reimbursement of expenses in the amount of \$35.00. The Court awarded the fees and expenses sought. The Form 2 should reflect a \$350.00 disbursement applied to UTC 6101. The reimbursement of expenses of \$35.00 is coded to UTC 6102.

59. UTC 6102 - Prior Chapter Trustee Expenses

Definition: UTC 6102 applies when a trustee disburses estate funds to reimburse a prior chapter trustee for expenses incurred in carrying out the applicant's trustee duties [i.e. expenses originally incurred out-of-pocket for which the prior chapter trustee seeks reimbursement under 11 U.S.C. § 330(a)(1)(B)]. Expenses include but are not limited to long distance telephone charges, postage charges, costs incurred for mileage, and the usage of photocopying and facsimile machines.

Example: In a case that converted from chapter 11 to chapter 7, the trustee who served as trustee during the chapter 11 proceedings turned over \$5,000.00 to the chapter 7 trustee. The chapter 11 trustee filed an application to receive compensation in the amount of \$350.00 and reimbursement of expenses in the amount of \$35.00. The Court awarded the fees and expenses sought. The Form 2 should reflect a \$35.00 disbursement applied to UTC 6102. The payment of fees of \$350.00 are applied to UTC 6101.

⁶ Effective June 1, 2022, UTCs 6220, 6420, 6510, 6520, 6610, 6620, 6630, 6640, 6910, and 6920 were eliminated for cases filed on or after that date. Going forward, prior chapter professional fees formerly captured in UTCs 6510, 6610, and 6630 will be captured by UTC 6700. Prior chapter professional expenses formerly captured in UTCs 6220, 6420, 6520, 6620, and 6640 will be captured by UTC 6710. Prior chapter administrative expenses formerly captured in UTCs 6910 and 6920 will be captured by UTC 6990.

60. UTC 6110 - Prior Chapter Attorney for Trustee Fees (Trustee Firm)

Definition: UTC 6110 is applicable when, under 11 U.S.C. § 330, in a prior chapter a chapter 11 trustee was appointed and the chapter 11 trustee or his/her firm was employed as attorney for the estate, and the chapter 7 trustee disburses estate funds to pay attorney fees for services provided to the estate in the prior chapter (i.e., prior to conversion to chapter 7). These transactions apply to fees only. Expenses incurred by an attorney fall under separate transaction codes.

Example: While a case was in chapter 11 the Court approved a motion to employ the chapter 11 trustee as attorney for the estate. The case converts to chapter 7 and a chapter 7 trustee is appointed. The attorney files a fee application and receives Court approval allowing attorney fees of \$2,000.00 and an expense reimbursement of \$251.75. In accordance with 11 U.S.C. §726(b), chapter 11 administrative expenses are subordinated to chapter 7 administrative expenses. \$1,500.00 of estate funds remain after payment of the allowed chapter 7 administrative claims. Since the chapter 11 attorney fees and expenses represent the only allowed chapter 11 administrative expenses, the \$1,500.00 in estate funds is distributed to the attorney (fees: \$1,332.30 $[(2,000/2,251.75) * \$1,500]$; expenses: \$167.70 $[(251.75/2,251.75) * \$1,500]$). The payment of \$1,332.30 in fees is applied to UTC 6110. Payment of the \$167.70 in expenses is applied to UTC 6120 (Prior Chapter Attorney for Trustee Expenses (Trustee Firm)).

61. UTC 6120 - Prior Chapter Attorney for Trustee Expenses (Trustee Firm)

Definition: UTC 6120 is applicable when, under 11 U.S.C. § 330, in a prior chapter a chapter 11 trustee was appointed and the chapter 11 trustee or his/her firm was employed as attorney for the estate, and the chapter 7 trustee disburses estate funds to reimburse the prior chapter attorney for expenses incurred in carrying out the attorney's duties [i.e. expenses originally incurred out-of-pocket for which the attorney seeks reimbursement under 11 U.S.C. § 330(a)(1)(B)] and the attorney or his/her firm was the prior chapter trustee. Expenses include but are not limited to long distance telephone charges, postage charges, costs incurred for mileage, and the usage of photocopying and facsimile machines.

Example: While a case was in chapter 11 the Court approved a motion to employ the chapter 11 trustee as attorney for the estate. The case converts to chapter 7 and a chapter 7 trustee is appointed. The prior chapter attorney files a fee application and receives Court approval allowing attorney fees of \$2,000.00 and an expense reimbursement of \$251.75. In accordance with 11 U.S.C. § 726(b), chapter 11 administrative expenses are subordinated to chapter 7 administrative expenses. \$1,500.00 of estate funds remain after payment of the allowed chapter 7 administrative claims. Since the chapter 11 attorney fees and expenses represent the only allowed chapter 11 administrative expenses, the \$1,500.00 in estate funds is distributed to the attorney (fees: \$1,332.30 $[(2,000/2,251.75) * \$1,500]$; expenses: \$167.70 $[(251.75/2,251.75) * \$1,500]$). Payment of the \$167.70 in expenses is applied to UTC 6120. The payment of \$1,332.30 in fees is applied to UTC 6110 (Prior Chapter Attorney for Trustee Fees (Trustee Firm)).

62. UTC 6210 - Prior Chapter Attorney for Trustee/DIP Fees (Other Firm)

Definition: UTC 6210 is applicable when, under 11 U.S.C. § 330, in a prior chapter a chapter 11 trustee is appointed and an outside party is employed as counsel for the estate, and/or counsel for a debtor in possession (DIP) is employed, and a chapter 7 trustee in the subsequent chapter disburses estate funds to pay attorney fees for services provided to the estate in the prior chapter (i.e. prior to conversion to chapter 7). These transactions apply to fees only. Expenses incurred by an attorney fall under separate transaction codes.

Example: While a case was in chapter 11 the Court approved a motion to employ an attorney for the DIP. The case converts to chapter 7 and a chapter 7 trustee is appointed. The DIP attorney files a fee application and receives Court approval allowing attorney fees of \$2,000.00 and an expense reimbursement of \$251.75. In accordance with 11 U.S.C. § 726(b), chapter 11 administrative expenses are subordinated to chapter 7 administrative expenses. \$1,500.00 of estate funds remain after payment of the allowed chapter 7 administrative claims. Since the chapter 11 attorney fees and expenses represent the only allowed chapter 11 administrative expenses, the \$1,500.00 in estate funds is distributed to the attorney (fees: \$1,332.30 $[(2,000/2,251.75) * \$1,500]$; expenses: \$167.70 $[(251.75/2,251.75) * \$1,500]$). The payment of \$1,332.30 in fees is applied to UTC 6210. Payment of the \$167.70 in expenses is applied to UTC 6710 (Other Prior Chapter Professional Expenses).

63. UTC 6310 - Prior Chapter Accountant for Trustee Fees (Trustee Firm)

Definition: UTC 6310 is applicable when, under 11 U.S.C. § 330, in a prior chapter a chapter 11 trustee was appointed and the chapter 11 trustee or his/her firm was employed as accountant for the estate, and the chapter 7 trustee disburses estate funds to pay accountant fees for services provided to the estate in the prior chapter (i.e., prior to conversion to chapter 7). These transactions apply to fees only. Expenses incurred by an accountant fall under separate transaction codes.

Example: While a case was in chapter 11 the Court approved a motion to employ the chapter 11 trustee as accountant for the estate. The case converts to chapter 7 and a chapter 7 trustee is appointed. The attorney files a fee application and receives Court approval allowing attorney fees of \$3,000.00 and an expense reimbursement of \$100.00. In accordance with 11 U.S.C. §726(b), chapter 11 administrative expenses are subordinated to chapter 7 administrative expenses. \$2,500.00 of estate funds remain after payment of the allowed chapter 7 administrative claims. Since the chapter 11 accountant fees and expenses represent the only allowed chapter 11 administrative expenses, the \$2,500.00 in estate funds is distributed to the accountant (fees: \$2,419.35 $[(3,000/3,100) * \$2,500]$; expenses: \$80.65 $[(100/3100) * \$2,500]$). The payment of \$2,419.35 in fees is applied to UTC 6310. Payment of the \$80.65 is applied to UTC 6320 (Prior Chapter Accountant for Trustee Expenses (Trustee Firm)).

64. UTC 6320 - Prior Chapter Accountant for Trustee Expenses (Trustee Firm)

Definition: UTC 6320 applies when, under 11 U.S.C. § 330, a chapter 7 trustee disburses estate funds to reimburse a prior chapter accountant for the estate for expenses incurred in carrying out the accountant's duties [i.e., expenses originally incurred out-of-pocket for which the accountant seeks reimbursement under 11 U.S.C. § 330(a)(1)(B)] and the accountant or his/her firm was the prior chapter trustee. Expenses include but are not limited to long distance telephone charges, postage charges, costs incurred for mileage, and the usage of photocopying and facsimile machines.

Example: While a case was in chapter 11 the Court approved a motion to employ the chapter 11 trustee as accountant for the estate. The case converts to chapter 7 and a chapter 7 trustee is appointed. The prior chapter accountant files a fee application and receives Court approval allowing accountant fees of \$3,000.00 and an expense reimbursement of \$100.00. In accordance with 11 U.S.C. § 726(b), chapter 11 administrative expenses are subordinated to chapter 7 administrative expenses. \$2,500.00 of estate funds remain after payment of the allowed chapter 7 administrative claims. Since the chapter 11 accountant fees and expenses represent the only allowed chapter 11 administrative expenses, the \$2,500.00 in estate funds is distributed to the accountant (fees: \$2,419.35 $[(3,000/3,100) * \$2,500]$; expenses: \$80.65 $[(100/3100) * \$2,500]$). Payment of the \$80.65 in expenses is applied to UTC 6320. The payment of \$2,419.35 in fees is applied to UTC 6310. (Prior Chapter Accountant for Trustee Fees (Trustee Firm)).

65. UTC 6410 - Prior Chapter Accountant for Trustee/DIP Fees (Other Firm)

Definition: UTC 6410 is applicable when, under 11 U.S.C. § 330, in a prior chapter a chapter 11 trustee is appointed and an outside party is employed as accountant for the estate, and/or accountant for a debtor in possession (DIP) is employed, and a chapter 7 trustee in the subsequent chapter disburses estate funds to pay accountant fees for services provided to the estate in the prior chapter (i.e. prior to conversion to chapter 7). These transactions apply to fees only. Expenses incurred by an attorney fall under separate transaction codes.

Example: While a case was in chapter 11 the Court approved a motion to employ an outside CPA as accountant for the chapter 11 DIP. The case converts to chapter 7 and a chapter 7 trustee is appointed. The chapter 11 accountant files a fee application and receives Court approval allowing accountant fees of \$3,000.00 and an expense reimbursement of \$100.00. In accordance with 11 USC § 726(b), chapter 11 administrative expenses are subordinated to chapter 7 administrative expenses. \$2,500.00 of estate funds remain after payment of the allowed chapter 7 administrative claims. Since the chapter 11 accountant fees and expenses represent the only allowed chapter 11 administrative expenses, the \$2,500.00 in estate funds is distributed to the accountant (fees: \$2,419.35 $[(3,000/3,100) * \$2,500]$; expenses: \$80.65 $[(100/3100) * \$2,500]$). The payment of \$2,419.35 in fees is applied to UTC 6410. Payment of the \$80.65 is applied to UTC 6320 (Prior Chapter Accountant for Trustee Expenses (Trustee Firm)).

66. UTC 6700 - Other Prior Chapter Professional Fees

Definition: UTC 6700 applies when, under 11 U.S.C. § 330, a trustee disburses estate funds to pay a prior chapter professional employed under 11 U.S.C. § 327 and not identified under UTC 6110, 6210, 6310, or 6410. Thus, this UTC applies to a prior chapter professional who does not provide attorney or accountant services employed by the trustee. This transaction code applies to fees only. Expenses incurred by this type of professional fall under a separate transaction code.

UTC 6700 includes, but is not limited to the following categories of professionals: (1) attorney for creditors' committee; (2) accountant for the debtor; (3) attorney for creditor; (4) accountant for creditors' committee; (5) attorney for debtor (chapter 12 or 13 only—use 6210 for attorney for D-I-P); (6) attorney for disbursing agent; (7) attorney for receiver; (8) appraiser; (9) arbitrator/mediator; (10) collection agent; (11) consultant; (12) disbursing agent; (13) examiner; (14) field representative/adjuster; (15) financial consultant; (16) harvester; (17) management company; (18) mediator; (19) personal property broker; (20) petroleum landman; (21) private investigator; (22) receiver; (23) surveyor; (24) investment banker; (25) realtor for trustee; and (26) auctioneer/liquidator.

A transaction using UTC 6700 must include in Column 4 of the Form 2 a complete description of the professional services provided.

Example: While a case was in chapter 11 the Court approved a motion to employ an investment banker for the chapter 11 trustee. The case converts to chapter 7 and a chapter 7 trustee is appointed. The investment banker files a fee application and receives Court approval allowing compensation of \$2,500.00 in fees and an expense reimbursement of \$155.00. In accordance with 11 U.S.C. § 726(b), chapter 11 administrative expenses are subordinated to chapter 7 administrative expenses. \$2,000.00 of estate funds remain after payment of the allowed chapter 7 administrative claims. Since the chapter 11 investment banker's fees and expenses represent the only allowed chapter 11 administrative expenses, the \$2,000.00 in estate funds is distributed to the investment banker (fees: \$1,883.24 $[(2,500/2,655) * \$2,000]$; expenses: \$116.76 $[(\$155/\$2,655) * \$2,000]$). The payment of \$1,883.24 in fees is applied to UTC 6700. Payment of the \$116.76 in expenses is applied to UTC 6710 (Other Prior Chapter Professional Expenses).

67. UTC 6710 - Other Prior Chapter Professional Expenses

Definition: UTC 6710 applies when a trustee disburses estate funds to reimburse a prior chapter professional, employed under 11 U.S.C. § 327 and not identified under UTC 6120 or 6320 for expenses incurred in carrying out the professional's duties [i.e., expenses originally incurred out-of-pocket for which the professional seeks reimbursement under 11 U.S.C. § 330(a)(1)(B)]. Expenses include but are not limited to long distance telephone charges, postage charges, costs incurred for mileage, and the usage of photocopying and facsimile machines.

UTC 6710 includes, but is not limited to the following categories of professionals: (1) accountant for creditors' committee; (2) accountant for the debtor; (3) attorney for creditor; (4) attorney for creditors' committee; (5) attorney for debtor (chapter 12 or 13 only—use 6220 for attorney for D-I-P); (6) attorney for disbursing agent; (7) attorney for receiver; (8) appraiser; (9) arbitrator/mediator; (10) collection agent; (11) consultant; (12) disbursing agent; (13) examiner; (14) field representative/adjuster; (15) financial consultant; (16) harvester; (17) management company; (18) mediator; (19) personal property broker; (20) petroleum landman; (21) private investigator; (22) receiver; (23) surveyor; (24) investment banker; (25) realtor for trustee; and (26) auctioneer/liquidator.

A transaction using UTC 6710 must include in Column 4 of the Form 2 a complete description of the expenses incurred.

Example: While a case was in chapter 11 the Court approved a motion to employ an investment banker for the chapter 11 trustee. The case converts to chapter 7 and a chapter 7 trustee is appointed. The investment banker files a fee application and receives Court approval allowing compensation of \$2,500.00 in fees and an expense reimbursement of \$155.00. In accordance with 11 U.S.C. § 726(b), chapter 11 administrative expenses are subordinated to chapter 7 administrative expenses. \$2,000.00 of estate funds remain after payment of the allowed chapter 7 administrative claims. Since the chapter 11 investment banker's fees and expenses represent the only allowed chapter 11 administrative expenses, the \$2,000.00 in estate funds is distributed to the investment banker (fees: \$1,883.24 $[(2,500/2,655) * \$2,000]$; expenses: \$116.76 $[(\$155/\$2,655) * \$2,000]$). Payment of the \$116.76 in expenses is applied to UTC 6710. The payment of \$1,883.24 in fees is applied to UTC 6700. (Other Prior Chapter Professional Fees).

68. UTC 6810 - Prior Chapter Income Taxes - Internal Revenue Service

Definition: UTC 6810 applies when a trustee disburses estate funds to cover income taxes that accrued during a prior chapter (i.e., after the order for relief date for the prior chapter, but prior to conversion to chapter 7).

Example: During the pendency of the chapter 11 case, the trustee generated taxable income for the estate through the sale of real estate and a compromise settlement on an avoidance action. Soon after the funds came into the estate account, the case converted. The chapter 7 trustee employed an accountant to prepare tax returns. Based on income generated during the chapter 11 proceeding, the federal income tax liability totaled \$12,000.00 and the state income tax liability totaled \$3,500.00. The Form 2 should reflect a \$12,000.00 disbursement applied to UTC 6810.

69. UTC 6820 - Prior Chapter Other State or Local Taxes

Definition: UTC 6820 applies when a trustee disburses estate funds to cover state or local taxes that accrued during a prior chapter (i.e., after the order for relief date for the prior chapter, but prior to conversion to chapter 7).

Example: During the pendency of the chapter 11 case, the trustee generated taxable income for the estate through the sale of real estate and a compromise settlement on an avoidance action. Soon after the funds came into the estate account, the case converted. The chapter 7 trustee employed an accountant to prepare tax returns. Based on income generated during the chapter 11 proceeding, the federal income tax liability totaled \$12,000.00 and the state income tax liability totaled \$3,500.00. The Form 2 should reflect a \$3,500.00 disbursement applied to UTC 6820.

70. UTC 6950 - Prior Chapter Other Operating Expenses

Definition: UTC 6950 applies when a trustee distributes estate funds to cover expenses relating to operations during a prior chapter.

Prior chapter operating expenses include, but are not limited to the following payments, if incurred when operating the business: (1) utility expenses; (2) management company fees and expenses; (3) administrative wages, including tax and other withholdings and related employer payroll taxes; (4) casualty insurance; (5) locksmiths; (6) security personnel; (7) repairs; (8) rent; and (9) trade debt.

A transaction using UTC 6950 must include in Column 4 of the Form 2 a complete description of the expenses incurred.

Example: The trustee pays \$800.00 in payroll taxes on chapter 11 wage claims. The Form 2 should reflect an \$800.00 payment applied to UTC 6950.

71. UTC 6990 - Other Prior Chapter Administrative Expenses

Definition: UTC 6990 applies when a trustee disburses estate funds to cover expenses incurred during a prior chapter (i.e., after the order for relief date for the prior chapter, but prior to conversion to chapter 7) that are not applicable to any other transaction code.

Payments from claims under 11 U.S.C. §364(c), §503(b)(3), and §507(b) that relate to expenses incurred during the pendency of the prior chapter should be applied to UTC 6990.

UTC 6990 specifically excludes: (1) fees and expenses paid to professionals pursuant to 11 U.S.C. § 330(a); (2) operating expenses; (3) taxes; (4) court costs; and (5) United States Trustee quarterly fees.

A transaction using UTC 6990 must include in Column 4 of the Form 2 a complete description of the expenses incurred.

Example: During the pendency of the chapter 11, the debtor-in-possession received Court approval to obtain super-priority unsecured credit under 11 U.S.C. § 364(c). The case converts to chapter 7. The unsecured creditor files a proof of claim in the amount of \$10,000.00. The Form 2 should reflect a \$10,000.00 disbursement applied to UTC 6990.

PRIORITY CLAIMS

72. UTC 5100 - § 507(a)(1) Domestic Support Obligations

UTC 5100 applies when a trustee disburses estate funds for domestic support obligations owed to a spouse, former spouse, or child of the debtor, or such child's parent, legal guardian or responsible relative.

11 U.S.C. § 507(a)(1) outlines the statutory provisions for this transaction code.

Example: Subsequent to an individual's chapter 7 filing, the former spouse of the debtor files a proof of claim seeking \$12,000.00 in child support that was incurred prior to the filing date. The Form 2 should reflect a \$12,000.00 disbursement applied to UTC 5100.

73. UTC 5200 - §507(a)(3) Involuntary Gap Claims Allowed Under §502(f)

Definition: UTC 5200 applies when a trustee disburses estate funds to cover a claim that arose in the ordinary course after an involuntary petition has been filed, but before the earlier of the appointment of a trustee and the order for relief.

11 U.S.C. §502(f) outlines the statutory provisions for this transaction code.

Example: An involuntary chapter 7 petition was filed against a shoe store. Subsequent to the commencement of the case, but prior to the order for relief date or the appointment of a trustee, the debtor purchased shoes on credit from one of its suppliers. At the time that the order for relief was entered, a \$3,000.00 balance remained. The entire balance related to the purchase transaction that had taken place during the gap period. The supplier filed a proof of claim. The Form 2 should reflect a \$3,000.00 disbursement within UTC 5200.

74. UTC 5300 - § 507(a)(4) Wages

Definition: UTC 5300 applies when a trustee disburses estate funds to a former employee of the chapter 7 debtor in payment of wages, salary, or sales commission earned within 90 days before the earlier of the petition filing date or the date that the debtor's business operations ceased.

UTC 5300 covers the net amount remitted to the employee as well as the employee portion of payroll taxes. A separate transaction code entitled, "Claims of Governmental Units" (UTC 5800), covers the employer portion of payroll taxes.

11 U.S.C. §507(a)(4) outlines the statutory provisions for this transaction code.

Example: A restaurant files a voluntary chapter 7 petition and ceases operations on the petition filing date. Subsequent to the filing, one employee files a proof of claim seeking \$1,500.00 for wages earned within the 90 days prior to the filing. The Form 2 should reflect the following disbursements applied to UTC 5300: (1) \$93.00 (the employee portion of social security taxes withheld); (2) \$21.75 (the employee portion of Medicare tax withheld); (3) \$241.55 (federal income tax

75. UTC 5400 - § 507(a)(5) Contributions to Employee Benefit Plans

Definition: UTC 5400 applies when a trustee disburses estate funds to cover contributions to an employee benefit plan (e.g., a pension plan or a health or life insurance plan) related to services rendered within 180 days before the earlier of the petition filing date or the date that the debtor's business operations ceased.

11 U.S.C. §507(a)(5) outlines the statutory provisions for this transaction code.

Example: A restaurant files a voluntary chapter 7 petition and ceases operations on the petition filing date. Subsequent to the filing, an insurer files a proof of claim for \$3,000.00 in premium payments that came due within the 180 days prior to the filing. The Form 2 should reflect a \$3,000.00 disbursement applied to UTC 5400.

76. UTC 5500 - § 507(a)(6) Farmers and Fishermen

Definition: UTC 5500 applies when a trustee disburses estate funds to an individual where either of the following apply: (1) the debtor's business involved a grain storage facility and the claimant was employed in the production or raising of grain; or (2) the debtor's business involved a fish produce storage or processing facility and the claimant was engaged as a United States fisherman.

11 U.S.C. § 507(a)(6) outlines the statutory provisions for this transaction code.

Example: A grain storage facility files a voluntary chapter 7 petition and ceases operations on the petition filing date. Subsequent to the filing, a farmer who deposited grain at the facility for storage purposes, filed a proof of claim seeking \$250.00. The Form 2 should reflect a \$250.00 disbursement within UTC 5500.

77. UTC 5600 - § 507(a)(7) Consumer Deposits

Definition: UTC 5600 applies when a trustee disburses estate funds to cover pre-petition deposits made by an individual to the debtor in connection with the consumer purchase, lease, or rental of property that was not delivered, or the purchase of services that were not provided.

11 U.S.C. § 507(a)(7) outlines the statutory provisions for this transaction code.

Example: Prior to the commencement of its chapter 7 case, the debtor operated a furniture store and accepted a \$300.00 deposit on a couch from an individual for use in the individual's home. Upon filing a chapter 7 petition, the debtor ceased operating. At the time of filing, the debtor had not delivered the couch to the consumer. The consumer files a \$300.00 proof of claim. The Form 2 should reflect a \$300.00 disbursement within UTC 5600.

78. UTC 5800 - § 507(a)(8) Claims of Governmental Units

Definition: UTC 5800 applies when a trustee disburses estate funds to cover the following categories of pre-petition taxes:

1. taxes measured by income or gross receipts [(i) if the tax is for a taxable year ending on or before the petition filing date where the tax return is due within three years prior to the petition filing date or after the petition filing date; (ii) if the tax was assessed within 240 days prior to the petition filing date; or (iii) if the tax was assessed after the petition filing date, provided that the tax is other than a tax excepted from discharge in accordance with 11 U.S.C. § 523(a)(1)(B) or § 523(a)(1)(C) (i.e. other than: (i) a tax due for which a return was required, but not filed; (ii) a tax due for which a required return was filed after its due date, including extensions, if the return is filed within two years prior to the petition filing date or after the petition filing date); or (3) a tax due for which the debtor filed a fraudulent tax return or deliberately sought to evade or defeat the tax);
2. property taxes (assessed before the petition filing date and payable without penalty within one year prior to the petition filing date or after the petition filing date);
3. trust fund taxes (no time limit on priority eligibility);
4. employment taxes for which a return is last due within three years prior to the petition filing date or after the petition filing date [i.e., the employer's share of § 507(a)(3) claims (employment taxes on wages, salaries, or commissions, including vacation, severance, and sick leave pay, earned within the earlier of the cessation of the debtor's business or within 90 days of the petition filing date)];
5. excise taxes [(i) if the transaction occurred before the petition filing date where the tax return is due within three years prior to the petition filing date or after the petition filing date, or (ii) if the transaction occurred within three years prior to the petition filing date and the filing of a tax return is not required];
6. customs duties [(i) if the merchandise entered for consumption within one year prior to the petition filing date; (ii) if the merchandise covered by an entry is liquidated or re-liquidated within one year prior to the petition filing date; or (iii) if the merchandise entered for consumption within four years prior to the petition filing date where the customs duty was unliquidated on the petition filing date, but only if the Secretary of Treasury certifies that failure to liquidate the entry was due to certain types of pending investigations or lack of adequate information to accurately appraise or classify the merchandise; and
7. penalties related to the six categories listed above, provided that such penalties represent compensation for actual pecuniary loss.

If a trustee disburses estate funds to a former employee of the chapter 7 debtor in payment of wages, salaries, or sales commissions earned within 90 days before the earlier of the petition filing date or the date that the debtor's business operations ceased [i.e., a claim under 11 U.S.C. § 507(a)(3)], the employer portion of payroll taxes remitted is applied to UTC 5800. The employee portion of payroll taxes remitted is reported as a payment under § 507(a)(3) payment (i.e. UTC 5300).

11 U.S.C. § 507(a)(8) outlines the statutory provisions for this transaction code.

Example: A restaurant files a voluntary chapter 7 petition and ceases operations on the petition filing date. Subsequent to the filing, one employee files a proof of claim seeking \$1,500.00 for wages earned within the 90 days prior to the filing. The Form 2 should reflect the following disbursements applicable to UTC 5300: (1) \$93.00 (the employer portion of social security taxes withheld) and (2) \$21.75 (the employer portion of Medicare tax withheld)

79. UTC 5900 - § 507(a)(9) Commitments to Regulatory Agencies

Definition: UTC 5900 applies when a trustee disburses estate funds to cover payment to a federal depository institution's regulatory agency for a pre-petition commitment by the debtor to maintain the capital of an insured depository institution.

Example: Prior to its chapter 7 filing, a corporation agreed to maintain the capital reserve requirements of a bank that was FDIC insured. Subsequent to the filing, the bank filed a proof of claim seeking \$50,000.00, the amount of the debtor's unfulfilled commitment to the bank. The Form 2 should reflect a \$50,000.00 disbursement within UTC 5900.

80. UTC 5910 - §507(a)(10) Death & Personal Injury Claims from DUI

Definition: UTC 5910 applies when a trustee disburses estate funds to cover payment for an allowed claim for death or personal injury resulting from the operation of a motor vehicle or vessel if such operation was unlawful because the debtor was intoxicated from using alcohol, a drug, or other substance.

11 U.S.C. §507(a)(10) outlines the statutory provisions for this transaction code.

Example: Prior to the chapter 7 filing, a debtor operated a motor vehicle while intoxicated causing injury resulting in death. Subsequent to the filing, the decedent's estate filed a proof of claim seeking \$50,000.00 in damages. The Form 2 should reflect a \$50,000.00 disbursement within UTC 5910.

GENERAL UNSECURED CLAIMS

81. UTC 7100 - §726(a)(2) General Unsecured Claims

Definition: UTC 7100 applies when a trustee disburses estate funds in payment of allowed general unsecured claims that are either: (1) timely filed, or (2) tardily filed where the creditor proves that he did not have notice or actual knowledge of the case in time for timely filing a proof of claim.

Example 1: Prior to filing a chapter 7 petition, a debtor purchased flowers on credit from a florist. The florist timely files a proof of claim in the amount of \$125.00. The claim is allowed. As the distribution percentage to general unsecured creditors totals 4.75%, the Form 2 should reflect a \$5.94 payment to the florist that is applied to UTC 7100.

Example 2: As part of a personal injury claim settlement, \$6,500 was withheld from the settlement payment to the estate to pay medical subrogation claims. Form 2, column 4 should reflect \$6,500 in payments to the claimants that is applied to UTC 7100.

82. UTC 7200 - §726(a)(3) Tardily Filed General Unsecured Claims

Definition: UTC 7200 applies when a trustee disburses estate funds in payment to an unsecured claimant where the claimant filed a proof of claim after the proof of claim bar date and did not prove that the delay was due to lack of notice or knowledge of the case in time for timely filing a proof of claim.

Example: A credit card company, listed on Schedule F, filed a \$1,200.00 proof of claim twelve days after the proof of claim bar date had expired. There were no grounds to elevate the claim to timely filed. After paying the timely filed allowed claims, \$250.00 of estate funds remained. The Form 2 should report a \$250.00 payment to the credit card company applied to UTC 7200.

83. UTC 7300 - §726(a)(4) Fines, Penalties

Definition: UTC 7300 applies when a trustee disburses estate funds in payment of a fine, penalty, forfeiture, or damages arising prior to the earlier of the order for relief date or the appointment of a trustee. This transaction code does not apply to any amount that represents compensation for actual pecuniary loss by such claimant.

Example: The Internal Revenue Service filed a proof of claim, asserting \$6,000.00 in income taxes owed along with a \$12,000.00 penalty for failure to timely remit taxes owed. After payment of administrative, priority, and general unsecured claims in full, \$20,000.00 of estate funds remain. The Form 2 should report a \$12,000.00 payment to the IRS applied to UTC 7300.

84. UTC 7400 - Subordinated General Unsecured

Definition: UTC 7400 applies when a trustee disburses estate funds in payment of claims that are equitably or consensually subordinated to other general unsecured creditors' claims.

11 U.S.C. §510 outlines the statutory provisions for subordination of claims.

Example: The Court determines that one creditor engaged in misconduct that resulted in injuries to the other estate creditors. The Court quantified the harm imposed at \$25,000.00, the total amount of the creditor at issue's claim. The Court directed the trustee to subordinate this claim to the claims of the other allowed general unsecured creditors. Upon payment to the other allowed general unsecured creditors, \$5,000.00 of estate funds remain. The Form 2 should report a \$5,000.00 payment to the subordinated creditor applied to UTC 7400.

85. UTC 7990 - §726(a)(5) Surplus Interest on Priority and General Unsecured Claims

Definition: UTC 7990 applies when a trustee disburses estate funds to a creditor in payment of interest on the creditor's priority or general unsecured claim.

Interest is computed at the legal rate on all claims paid under 11 U.S.C. §726(a)(1), §726(a)(2), §726(a)(3), and §726(a)(4).

Example: After payment of all allowed proofs of claim, \$600.00 in estate funds remain. Assuming that the calculation of interest on allowed claims totals at least \$600.00, the Form 2 should reflect individual payments totaling \$600.00, each of which is applied to UTC 7990.

OTHER

86. UTC 9999 - Account Transfers

Definition: UTC 9999 applies when a trustee makes intra-estate transfers between accounts linked within the trustee's case management software (i.e. transfers between accounts of a single estate). It is not used for transfers from estate accounts that are not accounted for within the case management software. One of the other "receipt" UTCs would apply.

UTC 9999 applies to deposit and disbursement transactions.

Example: The trustee transfers \$5,000.00 of estate funds from the money market account to the checking account. The Form 2 for the money market account should report a \$5,000.00 disbursement applied to UTC 9999. The Form 2 for the checking account should report a \$5,000.00 deposit applied to UTC 9999.

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Attachment #1 – Wildcard Reference Guide

The Wildcard is the seventh digit of the Uniform Transaction Code. There are six wildcards, though only three are used commonly by trustees. They are:

Wildcard

“0” This is the default wildcard. It applies to all receipts and all disbursements unless otherwise noted.

“1” Payments representing funds turned over to the court are designated with this wildcard. The first six digits of the payments are the same as the original check. Examples:

Creditors and Professionals: A \$500 payment on a timely filed unsecured claim is not cashed by the claimant. The trustee’s attempts to locate the claimant are unsuccessful and the trustee turns over the funds to the court. The UTC for the original payment was 7100-000. The UTC for the payment to the court is 7100-001.

Debtor Exemptions and Surplus Funds: A debtor leaves the area with no forwarding address and fails to cash a surplus funds check in the amount of \$50. The trustee turns over the funds to the court. The UTC for the original payment was 8200-002. The UTC for the payment to the court remains 8200-002.

“2” Transactions that are non-compensable according to bankruptcy law, local rule, or transaction type are designated with this wildcard. Examples:

Receipts

Mis-deposits (funds belonging to another estate)	UTC 1280-002
Earnest monies refunded to unsuccessful bidders	UTC 1180-002 or UTC 1280-002, depending on whether the related asset was listed on the initial schedules filed with the Court.
Funds paid to the estate in error, ex. IRS refund	UTC 1280-002
Tax refunds where portion belongs to debtor	UTC 1180-00x or UTC 1280-00x, depending on whether the related asset was listed on the initial schedules filed with the Court; x = 0 or 2.

NOTE: Do not use wildcard “2” to designate the exempt portion of sale proceeds.

Attachment #1 – Wildcard Reference Guide, continued

“2” Transactions that are non-compensable according to bankruptcy law, local rule, or transaction type are designated with this wildcard.

Disbursements – Examples where “2” is always used

Exemptions	8100-002
Excess (surplus) funds	8200-002
Earnest monies returned to bidder	8500-002
Mis-deposits	1280-002
Funds paid to the estate in error	1280-002

Disbursements – Examples where “2” depends upon local rules

Debtor’s share of tax refund	8500-00x (where x - 0, 1, or 2)
Non-debtor co-owner’s share of property sale proceeds	8500-00x (where x - 0, 1, or 2)

Wildcard -003, -004, and -005: These wildcards were reserved for use by the vendors and, in general, UST reviewers should not be concerned about them. The vendors use them for void and stop payment transactions. Void and stop payment transactions should offset the original transaction and net to zero. Therefore, they should not be reported in TDR exhibits 1 – 7. It is fine for them to appear on Form 2 (TDR Exhibit 9).

Attachment #2 – Uniform Transaction Code (UTC) Frequently Asked Questions

Taxes

1) Which UTCs are used for the employee and employer portions of payroll taxes?

The answer depends on when and how the payroll tax liability was generated.

- a. For an operating chapter 7 case, the employer and employee payroll taxes are classified under 2690-00x.
- b. If prior chapter wages are paid from the chapter 7 estate, the employer and employee payroll taxes are classified under 6950-00x.
- c. If priority § 507(a)(4) wages are paid, the employee payroll taxes are classified under 5300-00x and the employer payroll taxes are coded as 5800-00x (Claims of Governmental Units).

2) How should real property taxes be reported?

Pre-petition real property tax claims are reported under Secured Claims: Other Governmental Tax Liens, UTC 4700-00x. Post-petition real property taxes are reported under Ch. 7 Admin.: Other State or Local Taxes, UTC 2820-00x.

3) Real property tax payments frequently contain pre- and post-petition amounts. Must the trustee divide the payment between UTC 4700-00x and UTC 2820-00x?

Trustees should use their best effort to identify pre- and post-petition amounts, and code the amounts accordingly. The trustee may also allocate pre- and post-petition amounts based on periods being billed. Use UTC 4700-00x if a breakdown is not obtainable or estimable.

4) How should pro-rated property tax credits received through escrow that are not offset by property tax payments be reported?

Use UTC 1290-000, and record the taxes as a new unscheduled asset on Form 1.

5) Sometimes a portion of an income tax refund belongs to the debtor. The trustee deposits the refund to the estate account and writes a check to the debtor for his or her pro-rata share. How should the deposit and check be coded?

When a portion of a tax refund represents property of the debtor, the entire amount should be assigned UTC 1124-000 (if scheduled) or UTC 1224-000 (if unscheduled). The code for the check to the debtor is UTC 8500-00x. The wildcard is shown as “x” because the trustee will need to determine whether “0” or “2” applies.

6) How should a state's Gross Receipts Tax (GRT) be coded?

This is a tax assessed on professional fees. Professionals add it to their invoices for professional services. Report the GRT with the professional expenses for UTC coding purposes.

7) Taxing authorities' claims can include secured, priority, general unsecured, interest, and penalty components. Please explain how these components are coded using the UTCs.

Secured taxes	4300-00x (IRS pre-petition tax liens) 4700-00x (Real property pre-petition tax liens) 4800-00x (State and local pre-petition personal property tax liens)
Priority taxes	5800-00x (priority claims of gov. § 507(a)(8))
General unsecured taxes	7100-00x (general unsecured § 726 (a)(2))
Interest on priority taxes	5800-00x if pre-petition; 7990 (surplus case interest on priority and general unsecured claims) if post-petition interest is being paid under § 726 (a)(5)
Secured/unsecured penalties	7300-00x (general unsecured fines and penalties - § 726(a)(4))

8) How should trustees record sales tax collected upon the sale of estate property?

Combine the sales tax with the base sales price when coding the deposit for Form 2 and use the UTC applicable to the type of property sold and whether it is scheduled or unscheduled. Generally, either UTC 1129-000 or UTC 1229-000 would be used. For the remittance to the taxing authority, use UTC 2820-00x (Other State and Local Taxes/post-petition).

Interest

9) Where should the trustee report the interest paid to each type of claim as provided in § 726(a)(5)?

The interest paid to priority and general unsecured creditors should be coded as UTC 7990-00x.

“Other” Expenses

- 10) **Would a § 506(c) expense allowed to a trustee fall under “Other Chapter 7 Administrative Expenses (UTC 2990-00x)”?**

Not necessarily. A § 506(c) expense should be coded according to the type of expense. This may be UTC 2990-00x much of the time, but if the expense is for professionals, it should be classified under the appropriate category.

- 11) **What is the difference between “Trustee Expenses” and “Other Chapter 7 Administrative Expenses”?**

“Trustee Expenses” (UTC 2200-00x) consists of expenses originally incurred out-of-pocket by the trustee for which the trustee received reimbursement under § 330(a).

“Other Chapter 7 Administrative Expenses” (UTC 2990-00x) covers allowed expenses not otherwise covered by other UTCs. It specifically excludes bond premiums (UTC 2300-00x), costs to sell property (UTC 2500-00x), bank service fees (UTC 2600-00x), fees and expenses paid to the trustee pursuant to § 330(a), attorney and professional fees and expenses, expenses of operating a business in a chapter 7 case (UTC 2690-00x), post-petition taxes (UTC 2810-00x and UTC 2820-00x), court costs (UTC 2700-00x), and United States Trustee fees (UTC 2950-00x).

Bond Premiums

- 12) **Can a *de minimis* bond payment, paid directly by the trustee, be included in trustee expenses (UTC 2200-00x)?**

Trustees should utilize trustee accounting software to calculate and pay bond premiums. Bond premiums should be paid by estate check to the bond company. All bond premiums should utilize UTC 2300-00x.

HOA Assessments

- 13) **How should HOA assessments be coded?**

HOA assessments should be coded using UTC 4110-00x, since HOA assessments are secured.

Other Examples When Multiple Codes Are Assigned to a Single Receipt or Payment

- 14) **With respect to sales of real estate and other transactions where a “net” check is remitted to the trustee, how are the gross receipts and deductions (e.g., constructive disbursements) coded on Form 2?**

The gross proceeds from the sale (e.g., real estate sale, auction) are assigned the UTC appropriate for the type of property sold (e.g., 1110-000, 1129-000). The deductions (e.g., payments to secured creditors, commissions, closing costs) are to be coded with the UTCs in the applicable claims or administrative expense categories.

For examples of how to apply the UTCs to the gross sale amount and the individual deductions, review the Sample Cases and Illustrative Forms 1, 2, and 3 in the Handbook Supplementary Materials.

- 15) Trustees sometimes sell or auction estate assets as a group (also called a “bulk” sale). The sale price is not always separately stated for each asset. How should the trustee divide the gross sale proceeds among the various assets?**

The trustee may use any reasonable allocation method. One method is to make a pro-rata allocation based on the initial estimated fair market values. This method is illustrated in the Sample Cases in the Handbook Supplementary Materials.

- 16) Auctioneers sometimes pay property taxes from the auction proceeds and remit the “net” amount to the trustee. How should the trustee record this “net” check?**

The trustee records this receipt in the same manner as any other type of “net” check – see FAQ 14. See also FAQ 2 and 3.

Chapter 7 Operating Cases

- 17) How do the UTCs apply to operating cases that are accounted for outside my case management system?**

When operating cases are accounted for outside of the trustee’s case management system, the trustee usually reports the financial data in monthly operating reports rather than on Form 2. Nonetheless, the data must eventually be entered onto Form 2 to produce the TDR at the end of the case.

Operating activity should be recorded on Form 2 on some periodic basis (daily, weekly, monthly, or when the operation ceases). All operating case receipts must be coded with 1130-000 (if scheduled) or 1230-000 (if not originally scheduled). Operating case expenses must be coded with 2690-00x. If funds are deposited from an operating account to the estate account, “gross” operating activity should be recorded in Form 2, with the difference shown as the deposit.

Professionals

- 18) An attorney is alleging a claim on all funds pursuant to an attorney’s charging lien. If the attorney is successful, he will never have formally filed a claim and yet will have funds disbursed to him. How is this situation reported on the TDR?**

The distribution to the attorney should be reported as though the attorney had filed a claim. The amount allowed is reported under “Claims Asserted” and “Claims Allowed” and the amount distributed is reported under “Claims Paid.”

Miscellaneous

19) Please indicate the UTCs for the following types of distributions:

Accountant for the Debtor	Prior Ch. Admin: 6700-00x for fees and 6710-00x for expenses
Chapter 11 Wage Claims	Prior Ch. Admin/Other Operating Expenses: 6950-00x.
Subordinated General Unsecured & Late Filed Claims	Subordinated General Unsecured: 7400-00x Tardy General Unsecured: 7200-00x
Chapter 7 Wage Claims	Wages 507(a)(4) if pre-petition wages: 5300-00x Expenses of Operating Business in Chapter 7 if post-petition wages: 2690-00x
Utility refunds (pre-petition)	1129-00x (Liquidation of Other Schedule B Personal Property) or 1229-00x (Liquidation of Other Personal Property)
Utility Refunds (post-petition)	Record as negative disbursement - See Question 23
Utility payments	2690-00x (Expenses of Operating Ch. 7), if operating case 2990-00x (Other Chapter 7 Administrative Expenses), otherwise
UCC-1 filing fees	2990-00x (Other Chapter 7 Administrative Expenses)
Costs to maintain property while rented or held for sale	2690-00x (Expenses of Operating Ch. 7), if operating case 2990-00x (Other Chapter 7 Administrative Expenses), otherwise
Costs to prepare property for sale	2500-00x (Costs re Sale of Property) – one-time costs only. Use 2990-00x for regular, ongoing maintenance such as mowing the lawn or employing security guards

20) Why are some checks recorded as negative deposits (or deposit reversals) and some receipts recorded as negative disbursements?

This convention was established to be consistent with the design and use of Form 2, and to facilitate the review of Form 2. Negative deposits/deposit reversals, for example, result from the reversal of NSF checks and when a check is written to transfer mis-deposited funds to the correct account. Negative disbursements result from voiding an estate check, as well as when the trustee receives a refund of funds previously paid out (e.g., a bond premium refund). As a result of this convention, the totals at the bottom of Form 2 provide the starting point for the computation of trustee compensation.

21) Do elected trustees need to use transaction codes?

Yes. Elected trustees are required to comply with the requirements of the United States Trustee. See UST Manual section 2-1.6.9.7.

22) The definitions of “scheduled” and “unscheduled” assets have been clarified. “Scheduled” now means assets listed on the original schedule and statements. “Unscheduled” means assets added by the debtor on amended schedules and assets discovered by the trustee.

If the debtor files amended schedules with a change in the value of an originally scheduled asset, does the asset become “unscheduled” under this new definition?

No. The trustee would adjust the petition value of the scheduled asset to match the amended schedules.

23) How should bank service charges and their reversals be recorded?

Use UTC 2600-00x to record both the assessment and the reversal of bank service charges. The reversal is akin to a refund of an amount previously paid by the trustee and should be reflected on Form 2 as a negative disbursement.

24) How should earnest monies or bid deposits be handled?

Earnest monies and bid deposits are received by a trustee in connection with the sale of estate assets. They are not considered to be estate funds until the sale is approved by the court and consummated. Initially, the earnest monies or bid deposits should be coded to 1290-000.

Applying the earnest money to the sale: Assume a scheduled painting is sold for \$5,000 and the trustee received a \$1,000 earnest money deposit:

Record the sale as a split transaction, as follows:

Gross proceeds	5,000.00	1129-000
Apply earnest money	<u>-1,000.00</u>	1290-000
Net deposit	4,000.00	

With this transaction, the escrow deposit and the application of the deposit to the sale will net to zero in 1290-000.

If earnest monies need to be returned to unsuccessful bidders, the refund checks are coded using UTC 1290-000. See FAQ 20.

25) A scheduled automobile, subject to a \$1,000 exemption, is sold for \$2,500. Since \$1,000 of the sale price is not compensable, is it necessary to divide the deposit between 1129-000 (\$1,500) and 1129-002 (\$1,000)?

No. UTC 1129-000 is used for the full sale price of \$2,500. Wildcard 2 comes into play with the check to the debtor for the exemption. This check is coded with UTC 8100-002.

**Attachment #3 – Instructions for the Liquidation of Real Property
Uniform Transaction Codes for Receipt of Pro-rated Property Taxes Through Escrow**

Based on Sample Case 1 in Handbook for Chapter 7 Trustees – Forms and Instructions

Real Estate Sale Illustrated in Sample Case 1

Example 1 - On March 1, 2003, Ward obtains court authority to sell the rental property to Joe Fish for \$90,000 (UTC 1110-000, Schedule A Real Property), and to pay the following amounts through escrow upon closing of the sale: (a) \$30,000 lien encumbering the property (UTC 4110-000, Consensual Real Estate Liens); (b) \$5,400 realtor’s fee (UTC 3510-000), (c) \$1,200 property taxes (which must be divided between pre- and post-petition on Form 2, UTC 4700-000, Pre-Petition Real Property Tax Liens, and UTC 2820-000, Other Post-Petition State and Local Taxes), and (d) \$600 costs of sale (UTC 2500-000, Costs re Sale of Property). No capital gains tax is incurred upon the sale. Form 2 illustrates the correct way to record the gross sale proceeds, deductions and \$52,800 in net proceeds from the sale. Ward records the gross sale price of \$90,000 on Form 1, Column 5 and notes “FA” in Column 6 to indicate that the asset has been fully administered.

1	2	3	4		5	6	7
Transaction Date	Check or Ref. #	Paid To/ Received From	Description of Transaction	Uniform Transaction Code	Deposit	Disbursement	Balance
3/10/03		Joe Fish	Sale of rental property per 3/1/03 court order		52800.00		52800.00
	2		Gross sales price	90000.00	1110-000		
			Amounts paid/received through escrow:				
			Lien	(30000.00)	4110-000		
			Realtor’s fee	(5400.00)	3510-000		
			Property taxes (pre-petition)	(440.00)	4700-000		
			Property taxes (post-petition)	(760.00)	2820-000		
			Costs to sell	(600.00)	2500-000		

Example 2 - Assume instead that the estate receives pro-rated property taxes of \$1200.00 through escrow and never paid property taxes which would offset the amount credited through escrow. Trustees have been assigning 2500-000, 2820-000, or 4700-000 to these receipts. The correct UTC is 1290-000. Create a new asset for the receipt.

1	2	3	4		5	6	7
Transaction Date	Check or Ref. #	Paid To/ Received From	Description of Transaction	Uniform Transaction Code	Deposit	Disbursement	Balance
3/10/03		Joe Fish	Sale of rental property per 3/1/03 court order		55200.00		55200.00
	2		Gross sales price	90000.00	1110-000		
			Amounts paid/received through escrow:				
			Lien	(30000.00)	4110-000		
			Realtor’s fee	(5400.00)	3510-000		
	10		Buyer’s Portion - Property taxes	1200.00	1290-000		
			Costs to sell	(600.00)	2500-000		

Form 1 would reflect \$1200.00 as a new unscheduled asset #10 (9 assets previously noted on Form 1).

**Attachment #3 – Instructions for the Liquidation of Real Property
Uniform Transaction Codes for Receipt of Pro-rated Property Taxes Through Escrow**

Example 3 - Assume instead that the estate was charged and paid through escrow \$1,200 in property taxes (same split as first example), while receiving \$320.00 from the buyer's portion of property taxes. The seller is typically billed for all taxes due through the end of the tax period, while the buyer reimburses the seller for taxes due from the sale date until the end of the tax period. Accordingly, the buyer's portion should partially offset the seller's portion by using the same UTC as the seller's post-petition portion.

1	2	3	4		5	6	7
Transaction Date	Check or Ref. #	Paid To/ Received From	Description of Transaction	Uniform Transaction Code	Deposit	Disbursement	Balance
3/10/03		Joe Fish	Sale of rental property per 3/1/03 court order			53120.00	53120.00
	2		Gross sales price	90000.00	1110-000		
			Amounts paid/received through escrow:				
			Lien	(30000.00)	4110-000		
			Realtor's fee	(5400.00)	3510-000		
			Property taxes (pre-petition)-Seller	(440.00)	4700-000		
			Property taxes (post-petition)-Seller	(760.00)	2820-000		
			Property taxes reimbursed by Buyer	320.00	2820-000		
			Costs to sell	(600.00)	2500-000		

Example 4 - Assume instead that the estate was charged and paid through escrow \$360 in property taxes, while receiving \$690.00 from the buyer's portion of property taxes. We should avoid having a negative net amount in a UTC code. Accordingly, create a new asset for the net receipt of \$330.00, and assign UTC code 1290. This situation will be rare.

1	2	3	4		5	6	7
Transaction Date	Check or Ref. #	Paid To/ Received From	Description of Transaction	Uniform Transaction Code	Deposit	Disbursement	Balance
3/10/03		Joe Fish	Sale of rental property per 3/1/03 court order			54,330.00	54,330.00
	2		Gross sales price	90000.00	1110-000		
			Amounts paid/received through escrow:				
			Lien	(30000.00)	4110-000		
			Realtor's fee	(5400.00)	3510-000		
	10		Net property taxes receipt	330.00	1290-000		
			Costs to sell	(600.00)	2500-000		